

CITY OF SEGUIN, TEXAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2015

Prepared by: Finance Department
Susan Caddell
Director of Finance



CITY OF SEGUIN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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February 27, 2015

The Honorable Mayor and City Council
City of Seguin, Texas

We are pleased to present the Comprehensive Annual Financial Report of the City of Seguin, Texas (the City), for the fiscal year ended September 30, 2015. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the presented data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City of Seguin's financial statements have been audited by Armstrong, Vaughan & Associates, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Seguin for the fiscal year ended September 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor has issued an unqualified ("clean") opinion on the City's financial statements for the year ended September 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this transmittal letter and should be read in conjunction with it.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the management's discussion and analysis letter, the government-wide financial statements, the fund financial statements, notes to the financial statements, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all funds of the City. The City provides a full range of services including: police and fire protection, health services, maintenance of streets, planning and zoning, parks and recreation, convention and visitors' bureau and general administrative services. The City also provides electric, water, and wastewater services; therefore, these activities are included in the reporting entity.

City of Seguin profile. The City of Seguin is located in South Central Texas and is the county seat and principal commercial center of Guadalupe County. The City is located on Interstate Highway 10, about 35 miles east of San Antonio, 160 miles west of Houston, and 50 miles south of Austin, the State capital.

Incorporated in 1853, the City operates under a Home Rule Charter, which was adopted on December 7, 1971. The City has a council-manager type of government composed of the manager, mayor and eight councilpersons elected for four-year terms. The City Manager is the chief administrator and executive officer for the City and has full responsibility for carrying out Council policies and administering City operations, including hiring department Directors and all other City employees. City service departments provide a full range of services including police and fire protection, EMS services, building inspections, animal control services, parks and recreation services, golf, library services, public works services and general administrative services. In addition, the City of Seguin also provides electric, water and wastewater services.

Local economy. The Seguin-Guadalupe County economy is an important contribution to the San Antonio metropolitan area. Industry, agriculture and agribusiness, minerals, education, and recreation are major contributors. The City of Seguin has been economically stable for many years because of the industries located here. Major industries with headquarters or divisions located within the City of Seguin include, Continental, Inc., Commercial Metals Corporation (CMC), Tyson Foods, Inc., Caterpillar, Inc., Minigrip, Wal-Mart, Alamo Industrial, HEB and Hexcel. Several other businesses have recently established a presence in Seguin or will be doing so in the near future. Tractor Supply Company opened a regional distribution center in late 2015, Niagara Bottling is scheduled to open its Seguin Bottling Center in the Spring of 2016, and Siro Group USA is tentatively scheduled to complete construction on their food manufacturing facility in late 2017.

In addition, to the Seguin Independent School District, Seguin is the home of Texas Lutheran University (TLU). It is a fully accredited four-year co-educational senior liberal arts institution of higher education. TLU's 1,400 students (48-52 male/female) come from 23 states and eight foreign countries. The 14:1 student-teacher ratio allows for small classes. TLU has repeatedly been listed as one of the top ten small colleges in the southern United States by the *U.S. News and World Report* survey of college presidents.

In discussions with major employers in Seguin, it is apparent that a continued focus on developing an available, skilled workforce is essential to remaining competitive. In an effort to address regional workforce development needs in Seguin, the Central Texas Technology Center (CTTC) created the manufacturing technology academy that trains junior and senior high school students in a manufacturing trade. Seguin and New Braunfels high school students earn up to a total of thirty (30) college credit hours, graduate with a diploma and enroll in a two or four year college to earn a degree. Given the fact that the availability of a trained workforce is one of the most important site selection variables for companies, this workforce training system has the potential of providing a steady flow of new trained workers to put Seguin and New Braunfels at a distinct advantage. During this reporting cycle, an overwhelming interest in the dual placement program drove the need for additional funding for Accuplacer exams to be administered. In addition the CTTC is currently undergoing an expansion of its campus to accommodate current and future growth.

Guadalupe Regional Medical Center (GRMC), located in Seguin, is an award-winning, technologically advanced regional healthcare provider that transforms lives by providing compassionate high-quality healthcare. With an active medical staff of 152 local physicians and 742 employees, GRMC provides comprehensive healthcare services to the residents of eight counties throughout Central Texas. In 2014, GRMC surgeons were trained in and began performing da Vinci robotic surgery.

Each year the hospital admits approximately 5,000 patients, treats 32,000 Emergency Department visits, delivers 700 babies, and performs 3,200 surgeries. GRMC contributes nearly \$40 million per year to the local economy in salaries and benefits and is one of the largest employers in Guadalupe County. Jointly

owned by the City of Seguin and Guadalupe County, GRMC is a not-for-profit community hospital committed to its values of compassion, teamwork, excellence, enthusiasm, and dedication.

GRMC has expanded its existing facilities into an ultramodern health care complex designed to serve an eight county region. The three-year project, completed in 2010, encompasses 141,000 square feet of new construction, major remodeling of 65,000 square feet, and technological upgrades. In December 2015, GRMC sold revenue bonds to refinance its 2007 bond debt and to finance construction, renovation, and equipping of certain health facilities at the Hospital. The 2015 bonds do not constitute a debt, liability, or obligation of the State of Texas, Guadalupe County, the City of Seguin, or any other political subdivision or agency of the State of Texas other than the Medical Center.

Workforce Solutions Alamo information provided indicates that the City of Seguin unemployment rate decreased to 3.3 percent in December, down from 3.7 percent in November keeping the City in what economists consider to be full employment.

The City of Seguin unemployment rate registered lower than the overall jobless rate of 3.5 percent for the 8-county San Antonio-New Braunfels metropolitan statistical area, which includes Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina and Wilson counties. The City of New Braunfels registered a 2.7 percent unemployment rate in December, while the City of San Antonio registered 3.3 percent and the City of Schertz registered a 2.9 percent rate—all at full employment.

Comparing the Workforce Solutions Alamo metro area to the state and nation, the Texas unadjusted (actual) unemployment rate decreased to 4.2 percent in December, down from 4.5 percent in November. The nation's unadjusted (actual) unemployment rate held steady at 4.8 percent for the months of November and December. Comparatively, the state and nation release seasonally adjusted unemployment rates with Texas decreasing to 4.7 percent in December and the nation's unemployment rate decreasing to 5.0 percent.

Caterpillar Expansion: In April 2014, Caterpillar announced it would relocate its C7 assembly line from a plant in South Carolina to Seguin as part of consolidation efforts, speaking volumes about Seguin's workforce and the business friendly Texas economy.

Helmerich & Payne Expansion: The oilfield drilling company is currently in the process of combining their Seguin and Alice facilities into one larger location here in Seguin, Texas on State Highway 123. The deal promises close to 450+ jobs and a capital investment of approximately \$11 million.

In April 2013, Walmart announced plans to build a second Walmart Supercenter in Seguin. The new store, with an construction estimated to begin in 2017, will employ around 200 and bring a much needed grocery store to Seguin's west side.

On October 28, 2014 the Seguin Economic Development Corporation (SEDC) and the City of Seguin announced that Siro Group USA will locate their first North American food manufacturing facility in Seguin, Texas. An incentive package was approved by the SEDC and given final approval by the Seguin City Council to recruit the project, which will create over \$58.5 million in new capital investment and 212 new jobs over six years. In addition, Siro Group USA will incorporate an R&D Center and Special Employment Center into the Seguin factory.

On November 12th, 2015 Tractor Supply Company held a ribbon cutting ceremony to officially open their new 75,000 square foot regional distribution center located at State Highway 123 Business and Stremple Road. On October 21, 2014 the Seguin Economic Development Corporation and the City of Seguin announced that Tractor Supply Company would be locating their regional distribution center in Seguin, Texas. The SEDC and the City of Seguin gave final approval of an incentive package to recruit the project which created over \$8,000,000 in new capital investment and 19 new jobs at an annual payroll of \$627,000.

In the spring of 2016 Niagara Bottling will open its new 557,000 square foot bottling facility located on 30.77 acres of land at the intersection of Rio Nogales Drive and Eighth Street. On June 30, 2015 the City of Seguin announced that Niagara Bottling would be locating their new bottling facility in Seguin, Texas. The project will create over \$85 million in new capital investment and 75 new jobs with a minimum annual payroll of \$3.5 million.

Long-term financial planning. The City issued \$21,405,000 in utility revenue bonds in December 2014, which funded the construction of a new utilities operations center along with major water and wastewater improvements.

FINANCIAL INFORMATION

Internal control. Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA). The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

The City utilizes a computerized financial accounting system, which includes a system of internal accounting controls. Such controls have been designed and are continually being reevaluated to provide reasonable, but not absolute, assurances.

Budgeting Controls. The City also maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of all funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. However, budgetary accounting is maintained on a line-item basis. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end, however, encumbrances generally are reappropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Financial rating. The City's bond rating for Fitch Ratings and Standard & Poor's is as follows:

	<u>Fitch Ratings</u>	<u>Standard & Poor's</u>
General Obligation Bonds	AA/stable outlook	AA-/positive outlook
Utility Revenue Bonds	A+/positive outlook	A+/stable outlook

Retirement Plan. The City provides pension benefits for all of its full-time employees through the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system.

Deferred Compensation Plan. The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Health Benefits Trust Fund. During fiscal year 2009, the City established a Health Benefits Trust Fund and Retiree Insurance Trust Fund. These funds were established for the receipt of health insurance premiums from the benefits paid by the City, premiums paid by retirees and dependent premiums paid by employees and retirees. The disbursements of these premiums are also paid out of these funds.

OTHER INFORMATION

Independent Audit. The City Charter requires an annual audit of the books, accounts, financial records, and transactions of all administrative departments of the City by independent certified public accountants selected by the City Council. This requirement has been complied with and the independent auditors' report by Armstrong, Vaughan & Associates, P.C., Certified Public Accountants, has been included in this report.

Acknowledgements. The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We would also like to thank the members of the City Council and the citizens of the City of Seguin for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Douglas G. Faseler
City Manager



Susan Caddell
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Seguin
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is fluid and cursive.

Executive Director/CEO

CITY OF SEGUIN, TEXAS

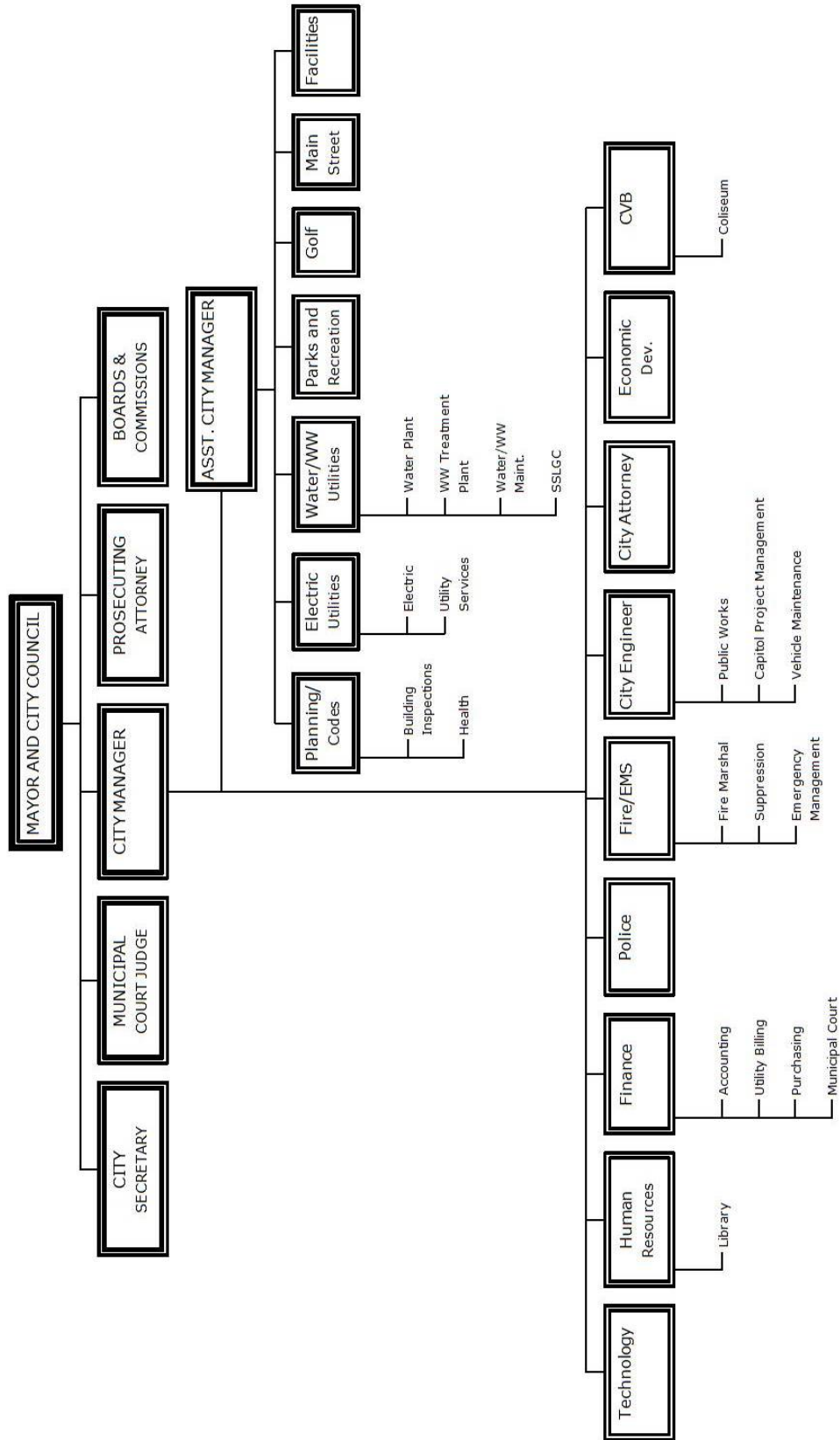
PRINCIPAL OFFICERS

DON KEIL..... Mayor
DONNA DODGEN. Mayor Pro-Tem
TOMAS V. CASTELLON, JR..... Councilman
JEANETTE CRABB Councilwoman
MARK HERBOLD. Councilman
ERNESTO M. LEAL Councilman
FONDA MATHIS Councilwoman
CARLOS MEDRANO Councilman
PHIL SEIDENBERGER..... Councilman

DOUG FASELER
City Manager

RICK CORTES Assistant City Manager
THALIA STAUTZENBERGER City Secretary
SUSAN CADDELL..... Director of Finance
ANDREW QUITTNER..... City Attorney

CITY OF SEGUIIN



SHAREHOLDERS:

Nancy L. Vaughan, CPA
Deborah F. Fraser, CPA
Phil S. Vaughan, CPA



Armstrong, Vaughan & Associates, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Seguin, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seguin, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of Seguin, Texas' management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Seguin Economic Development Corporation (component unit) were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seguin, Texas, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A21 to the financial statements, in October 2014, the City adopted new accounting guidance from Governmental Accounting Standards Board Statement No. 68 related to accounting for pensions. This resulted in a restatement of prior year balances. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, schedules of changes and city contributions – defined benefit plan, and schedules of funding progress – defined benefit and other postemployment benefit, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on management's discussion and analysis, budgetary comparison information and schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Seguin, Texas' basic financial statements. The comparative statements, combining and individual nonmajor fund financial statements, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the financial statements.

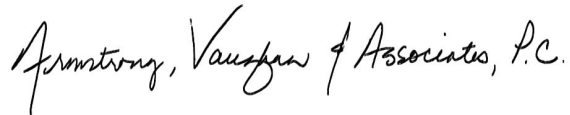
The comparative financial statements, combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2016 on our consideration of the City of Seguin, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Seguin, Texas' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

February 15, 2016



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Seguin, we offer readers of the City of Seguin's financial statements this narrative overview and analysis of the financial activities for the City of Seguin for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and the City's financial statements immediately following this analysis.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Seguin exceeded its liabilities at the close of the fiscal year ending September 30, 2015, by \$98,254,057 (net position). Of this amount, \$25,691,608 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$23,212,172 or 23.6% compared to the prior fiscal year. A prior period adjustment of \$26,695,920 is included in this decrease due to the implementation of Governmental Accounting Standards Board (GASB) No. 68.
- As of September 30, 2015 the City of Seguin's governmental funds reported combined ending fund balances of \$42,728,647, a decrease of \$13,070,956. This is largely attributable to the spending down of bond proceeds which included \$5,039,938 spent from the 2010 Certificates of Obligation Fund and \$7,190,773 spent from the 2014 General Obligation Bonds.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$15,571,620, or 84.1% of total General Fund expenses.
- The City's total debt increased by \$17,824,376 during the current fiscal year. While the City refunded some General Obligation and Revenue Bonds, the City also issued Utility Revenue Bonds for \$21,405,000.
- During the year, the City's expenses were \$2,871,480 less than the \$28,822,271 generated in taxes and other revenues for governmental activities before transfers and special items.
- The total cost of the City's governmental activity programs increased by \$1,321,278 from last year, and no new programs were added this year. Salaries and benefits increased from fiscal year 2014. In addition, depreciation increased due to several projects being completed in fiscal years 2014 and 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis serves as an introduction to the City of Seguin's basic financial statements. The City of Seguin's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The comprehensive annual financial report (CAFR) also contains other supplementary information in addition to the basic statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Seguin's finances, in a manner similar to a private-sector business

The *statement of net position* presents information on all of the City of Seguin's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Seguin is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave).

In the *statement of net position* and the *statement of activities*, the City's operations are divided into two kinds of activities:

- 1 Governmental Activities – Most of the City's basic services are reported here, such as public safety, public works and general administration. Property taxes, franchise fees and charges for services finance most of these activities.
- 2 Business-Type Activities – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's Utility Fund, which include, electric, water and wastewater services, are reported here.

In addition, the *government-wide financial statements* include not only the City of Seguin itself, but also the Seguin Economic Development Corporation, a legally separate component unit for which the City is financially accountable. Financial information for this component unit is reported separately from the primary government and business-type activities.

The *government-wide financial statements* can be found on pages 16 - 19 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Seguin, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Governmental funds statements are reported using current financial resources measurement focus and the modified accrual basis of accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the *statement of net position* and the *statement of activities*) and governmental funds are detailed in a reconciliation following the fund financial statements.

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, 2010 Certificates of Obligation Fund, 2014 General Obligation Bond Fund and Debt Service Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated nonmajor fund presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the CAFR.

The basic governmental fund financial statements can be found on pages 20 - 25.

Proprietary funds. The City charges customers for certain services it provides. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *statement of net position* and the *statement of activities*.

The City maintains two different types of proprietary funds. The Utility Fund is a business-type activity and consists of revenues from charges for electric, water and wastewater sales. The Internal Service Funds account for revenues and expenditures for the employee health insurance, retiree health insurance and workers' compensation insurance. The fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary funds financial statements can be found on pages 26 - 30 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Seguin's own programs. The method of accounting utilized for these funds is similar in nature to that of the proprietary funds.

The basic fiduciary fund financial statements can be found on pages 31 - 32 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 - 68 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund budgetary schedule. The City of Seguin adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. Required supplementary information can be found on pages 69 - 79 of this report.

In addition, this report also contains certain required supplementary information concerning the City of Seguin's progress in funding its obligation to provide pension benefits to City staff and members of the City's firemen's pension fund, as well as funding progress for other postemployment benefits (health insurance) provided to retirees.

The combining statements referred to earlier in connection with nonmajor governmental and enterprise funds and individual internal service funds are presented immediately following the required supplementary information described in the preceding paragraph. Combining and individual fund statements can be found on pages 80 - 120 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2015, the City of Seguin's assets and deferred outflows of resources exceeded liabilities by \$98,254,057. Table A-1 is a condensed version of the City's statement of net position for the years ended September 30, 2015 and 2014, respectively.

The largest portion of the City's total net position (66.8%) is its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Seguin uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The next largest portion of the City's total net position (26.1%) is its unrestricted net position.

Table A-1
City of Seguin's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current assets	30,061,566	30,163,969	52,711,903	34,354,677	82,773,469	64,518,646
Capital assets	66,060,869	51,955,179	59,932,191	53,288,792	125,993,060	105,243,971
Other non current assets	18,717,519	32,843,277	5,790,472	8,304,681	24,507,991	41,147,958
Total assets	<u>114,839,954</u>	<u>114,962,425</u>	<u>118,434,566</u>	<u>95,948,150</u>	<u>233,274,520</u>	<u>210,910,575</u>
Deferred Outflows of Resources	<u>2,797,774</u>	<u>451,493</u>	<u>771,166</u>	<u>79,269</u>	<u>3,568,940</u>	<u>530,762</u>
Liabilities						
Current liabilities	4,185,862	3,178,009	4,954,492	3,431,926	9,140,354	6,609,935
Noncurrent liabilities	81,605,055	63,074,756	47,843,994	20,290,417	129,449,049	83,365,173
Total liabilities	<u>85,790,917</u>	<u>66,252,765</u>	<u>52,798,486</u>	<u>23,722,343</u>	<u>138,589,403</u>	<u>89,975,108</u>
Net Position						
Invested in Capital Assets	25,657,965	21,780,455	39,946,492	36,385,747	65,604,457	58,166,202
Restricted	3,306,292	3,352,071	3,651,700	3,558,479	6,957,992	6,910,550
Unrestricted	2,882,554	24,028,627	22,809,054	32,360,850	25,691,608	56,389,477
Total Net Position	<u>31,846,811</u>	<u>49,161,153</u>	<u>66,407,246</u>	<u>72,305,076</u>	<u>98,254,057</u>	<u>121,466,229</u>

Table A-1 Note: The year 2015 includes implementation of GASB-68. See Notes A21 and J to the financial statements

An additional portion of the City of Seguin's net position (7.1%) is subject to external restrictions, including bond covenants, on how they must be used. The remaining balance of unrestricted net position of \$25,691,608 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Seguin is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Changes in Net position. The City's total government-wide revenues increased by \$1,731,779 or 2.5%. This was largely due to increase in electric, water and sewer revenue, along with increased miscellaneous violations and building permits. The City's total government-wide expenses increased by \$7,238,229 or 11.8%. This was largely attributable to the increase in wholesale power costs. In fiscal year 2014, the City had accrued a total of \$4,616,322 toward the contingent liability for the LCRA litigation. The City

successfully settled the litigation with no liability due to LCRA. The accrued liability has been closed, which resulted in a decrease in wholesale power costs for fiscal year 2014. This large adjustment did not occur in fiscal year 2015.

Table A-2
Changes in City of Seguin's Net Position

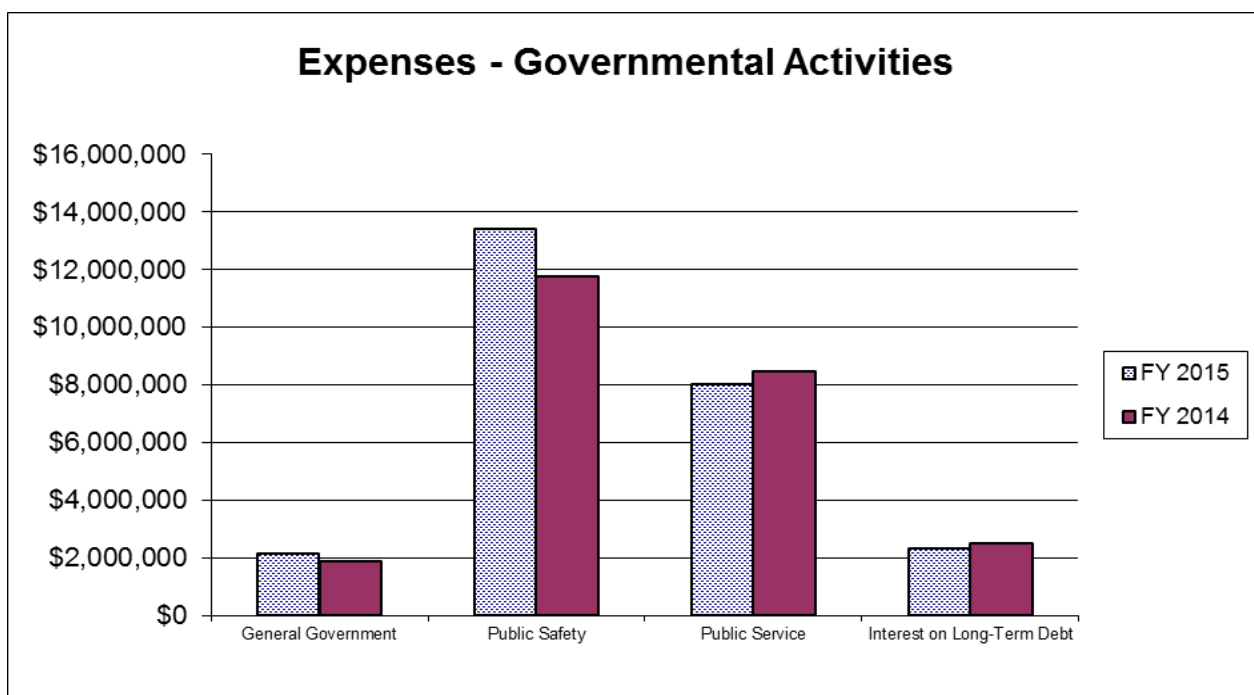
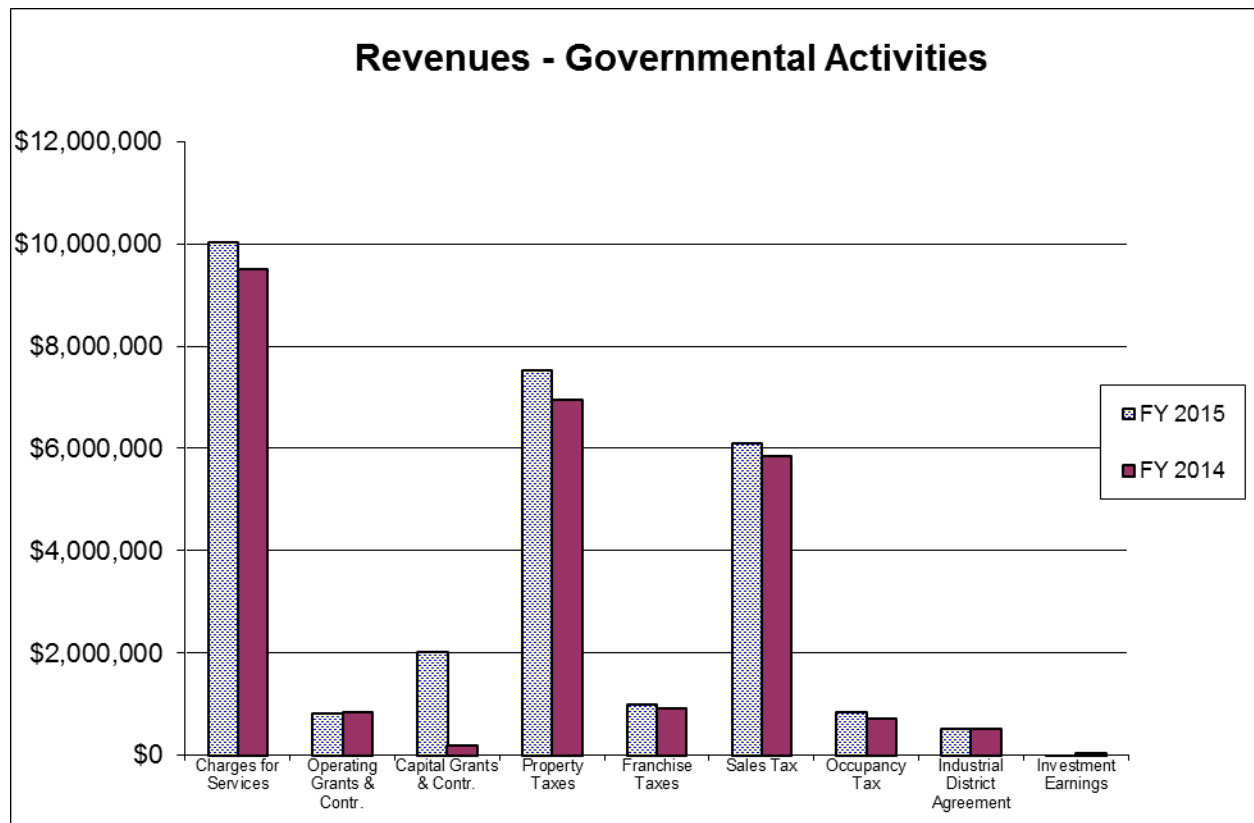
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program Revenues:						
Charges for Services	\$ 10,028,029	\$ 9,495,361	\$ 42,645,590	\$ 42,017,948	\$ 52,673,619	\$ 51,513,309
Operating Grants and Contributions	801,179	841,529	-	-	801,179	841,529
Capital Grants and Contributions	2,014,336	197,027	749,579	2,961,261	2,763,915	3,158,288
General Revenues						
Property Taxes	7,516,954	6,952,798	-	-	7,516,954	6,952,798
Franchise Taxes	986,176	913,296	-	-	986,176	913,296
Sales Tax	6,089,793	5,841,830	-	-	6,089,793	5,841,830
Occupancy Tax	825,433	726,361	-	-	825,433	726,361
Industrial District Agreement	520,000	515,000	-	-	520,000	515,000
Investment Earnings	40,371	36,602	34,353	20,456	74,724	57,058
Gain (Loss) on Sale of Assets	-	-	483	1,028	483	1,028
Total Revenues:	28,822,271	25,519,804	43,430,005	45,000,693	72,252,276	70,520,497
Expenses:						
General Government	2,164,023	1,891,420	-	-	2,164,023	1,891,420
Public Safety	13,399,458	11,757,015	-	-	13,399,458	11,757,015
Public Service	8,043,970	8,464,114	-	-	8,043,970	8,464,114
Capital Outlay	-	-	-	-	-	-
Interest on Long-Term Debt	2,343,340	2,516,964	-	-	2,343,340	2,516,964
Utility	-	-	42,817,737	36,900,786	42,817,737	36,900,786
Total Expenses	25,950,791	24,629,513	42,817,737	36,900,786	68,768,528	61,530,299
Excess (Deficiency) Before Transfers In (Out)	2,871,480	890,291	612,268	8,099,907	3,483,748	8,990,198
Special Items	(100,149)	(535,332)	100,149	535,332	-	-
Increase (Decrease) in Net Position	\$ 2,771,331	\$ (1,854,299)	\$ 712,417	\$ 8,635,239	\$ 3,483,748	\$ 6,780,940

Table A-2 Note: The year 2015 includes implementation of GASB-68. See Notes A21 and J to the financial statements

Governmental activities. The City's total governmental revenues increased by \$3,302,467 or 12.9% above last year. The City's total governmental expenses increased by \$1,321,278 or 5.4% above last year.

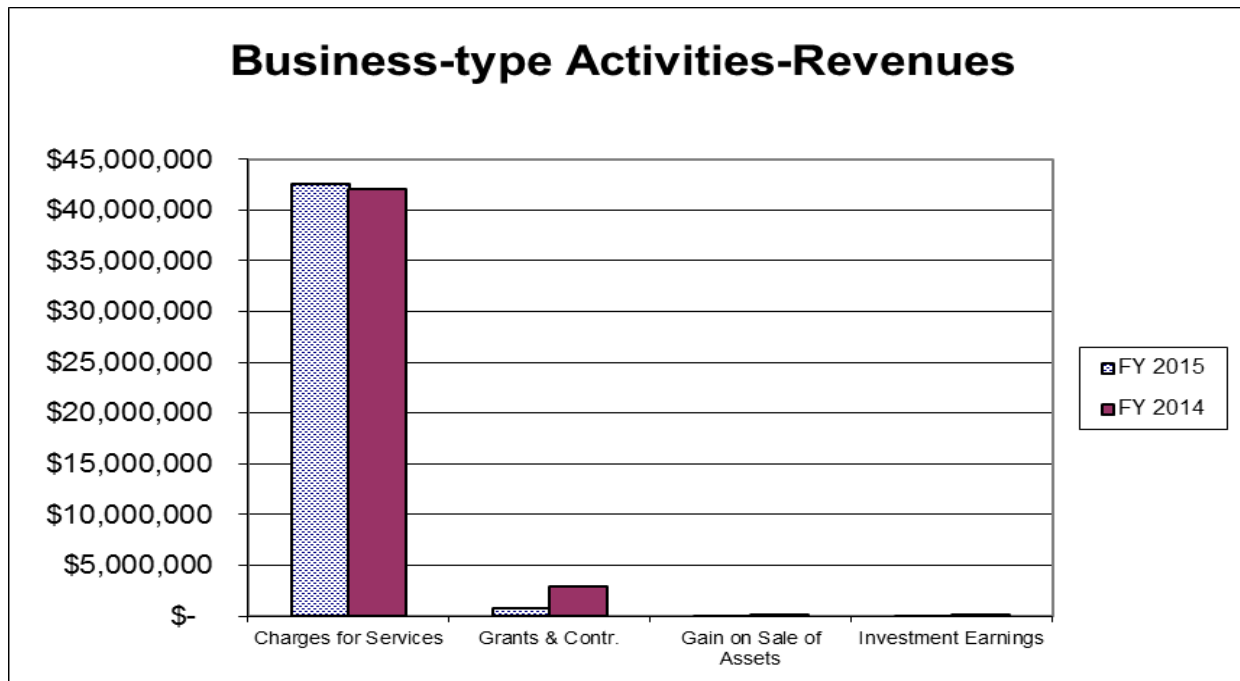
- Capital Grants and Contributions increased by \$1,817,309. Of this amount, \$1,642,172 was the increase in the Walnut Springs Park Project. The large part of the project was constructed this fiscal year.
- Property Taxes increased by \$564,156 or 8.1%. This was the first full year the debt service payments were made for the 2014 General Obligation Bonds.
- Building Permits increased by \$479,252 or 109%. Construction has increased greatly throughout the City. This year, Seguin Independent School District began the construction of a new high school. The building permit fee was quite large for this project. In addition, several subdivisions have added numerous houses this year.
- Sales Tax increased by \$247,683 or 4.2%. With all the added construction, also comes an increase in sales tax revenue.
- The most significant governmental expense for the City was in providing for public safety, which incurred expenses of \$13,399,458. These expenses are offset by revenues collected from a variety of

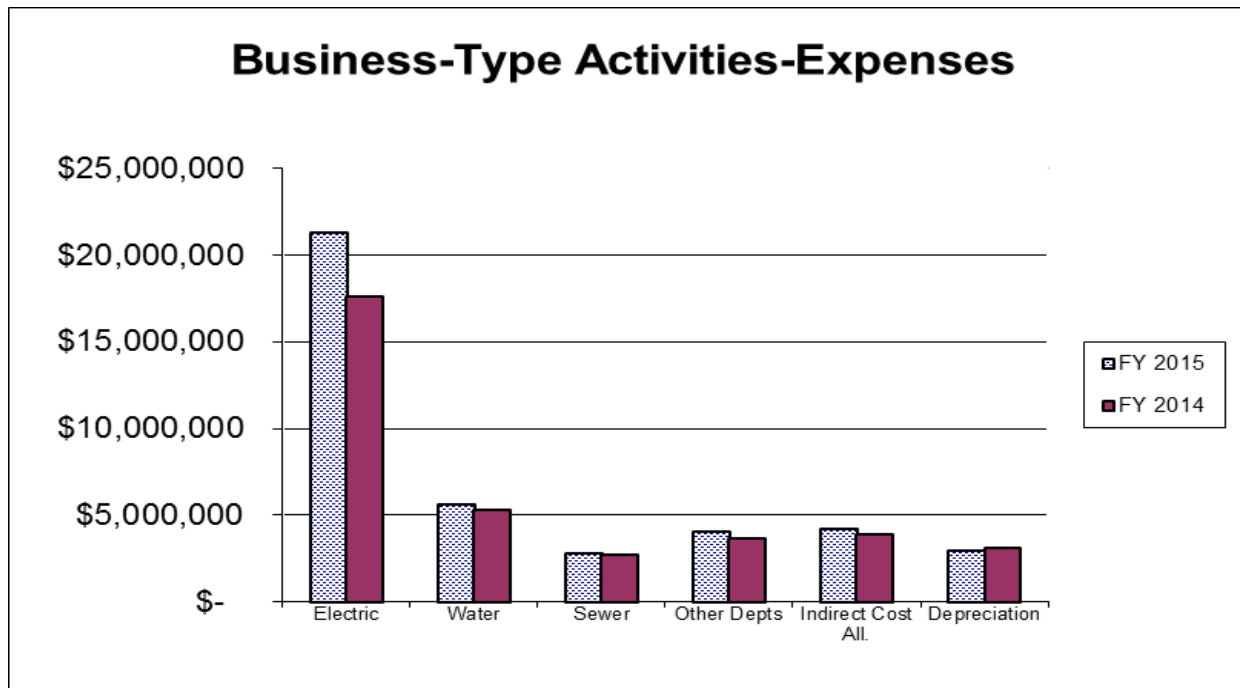
sources, with the largest being from fines and penalties in the amount of \$1,771,319. Additional funding also included EMS revenue in the amount of \$1,008,158 and Fire and EMS interlocal agreements with Guadalupe County in the amount of \$623,656. The major components of public safety are police and fire. Police accounted for \$6.2 million in public safety expense while Fire accounted for \$4.9 million in public safety expense.



Business-type activities. The City's total business-type revenues decreased by \$1,570,688 or 3.5%. The City's total business-type expenses increased by \$5,916,951 or 16%.

- Electric revenues make up \$26.9 million of the charges for services. This year electric revenues increased by \$369,248. The increase was due to a new rate study that was conducted in FY14 with the recommended rate increases beginning October 1, 2014. Wholesale power costs increased by \$3,159,691 or 21.4%. In fiscal year 2014, the City had accrued a total of \$4,616,322 toward the contingent liability for the LCRA litigation. The City successfully settled the litigation with no liability due to LCRA. The accrued liability has been closed, which resulted in a decrease in wholesale power costs for fiscal year 2014. This large adjustment did not occur in fiscal year 2015.
- Water revenues make up \$8.7 million of the charges for services. This year water revenues increased by \$229,085 or 2.7%. This was a result of a slight increase in consumption. The wholesale water costs increased by \$82,554 or 2.8%. The City purchases water from the Schertz-Seguin Local Government Corporation (SSLGC).
- Sewer revenues make up \$5.6 million of the charges for services. This year sewer revenues increased by \$366,579 or 7%. This was due to an increase in water consumption.
- Capital Grants and Contributions decreased by \$2,211,682. This is largely attributable to the receipt of an EDA Grant for construction of a water tank in fiscal year 2014.





FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Seguin uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Seguin's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$42,728,647. This is a decrease of \$13,070,956. This is largely attributable to the spending down of bond proceeds which included \$5,039,938 spent from the 2010 Certificates of Obligation Fund and \$7,190,773 spent from the 2014 General Obligation Bonds. Of this total amount, \$15,571,620 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balances is as follows: 1) nonspendable fund balance in the amount of \$114,268 which are prepaids and inventory, 2) restricted fund balance in the amount of \$20,656,503, which are restricted to tourism and economic development, public safety, public service, capital projects or debt service, 3) committed fund balance in the amount of \$2,191,982, which is committed to stabilization agreement and aquatic fees, and 4) assigned fund balance in the amount of \$4,194,274, which is assigned to capital projects.

The General Fund is the main operating fund of the City of Seguin. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$15,571,620, while total fund balance reached \$17,990,279. Of this amount \$5,793,981 is attributable to the balance of a tax exemption settlement agreement. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. With the \$5,793,981 taken out of the equation, unassigned fund balance represents 52.8% of general fund expenditures, while total fund balance represents 65.8% of that same amount.

The General Fund Capital Projects Fund has a total fund balance of \$3,925,313, an increase of \$867,084. This increase can be attributable to the fact that additional funds were applied to capital projects, but the projects have yet to be complete.

At the end of FY15, six bond funds had a total fund balance of \$17,116,827. This was a decrease of \$12,940,081 due to spending down the bond funds this year.

Other factors concerning the finances of governmental fund have already been addressed in the discussion of the City's governmental activities in the government-wide financial statements.

Proprietary funds. The City of Seguin's proprietary funds are utilized to account for operations of the City that are commercial in nature and accounted for in a manner more similar to private enterprise. The statements for proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Utility Fund at the end of the year amounted to \$22,809,054. The restricted net position is \$3,651,700, while net position invested in capital assets amounted to \$39,946,492.

GENERAL FUND BUDGETARY HIGHLIGHTS

For FY 2014-15, actual revenues on a budgetary basis were \$21,551,610 compared to the final budget of \$20,138,497, which is \$1,413,113 above budget. Building permits exceeded budget by \$435,881 due to increased construction activity. Miscellaneous violations exceeded budget by \$417,583. Sales tax revenue exceeded budget by \$378,534.

For FY 2014-15, actual expenditures on a budgetary basis were \$18,524,234 compared to the final budget of \$20,524,536, which was \$2,000,302 below final budget amounts. Some departments had employee turnover resulting in their personnel services being under budget and savings on other operating expenditures. Indirect cost allocation also exceeded budget by \$490,324.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of 2015, the City had invested \$125,993,060, net of depreciation, in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.) This amount represents a net increase (including additions and deductions) of \$20,749,089 or 19.7%. The increase was due in part to large bond projects being completed or underway begun during fiscal year 2015. More detailed information about the City's capital assets can be found in Note G, page 46 - 47.

Table A-3
City of Seguin's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	4,467,991	4,381,650	727,026	727,026	5,195,017	5,108,676
Buildings and Improvements	21,025,461	20,975,365	24,541,129	24,235,997	45,566,590	45,211,362
Improvements Other than Buildings	52,363,884	51,208,302	62,324,032	61,208,603	114,687,916	112,416,905
Transportation and Equipment	13,325,093	12,284,103	6,957,203	6,343,221	20,282,296	18,627,324
Construction in Progress	18,510,452	3,955,814	21,024,586	13,530,643	39,535,038	17,486,457
Totals at Historical Cost	109,692,881	92,805,234	115,573,976	106,045,490	225,266,857	198,850,724
Total Accumulated Depreciation	(43,632,012)	(40,850,055)	(55,641,785)	(52,756,698)	(99,273,797)	(93,606,753)
Net Capital Assets	66,060,869	51,955,179	59,932,191	53,288,792	125,993,060	105,243,971

Long-term debt. At year-end, the City had \$98,951,373 in bonds, loans and capital leases outstanding as shown in Table A-4. This was an increase of \$17,824,376 or 22% from 2014. This fiscal year, the City issued Utility Revenue Bonds in the amount of \$21,405,000. More detailed information about the City's debt is presented in Notes H and I, pages 48 – 52.

The City's tax-supported debt rating by Fitch is AA with a stable outlook while Standard and Poor rating is AA- with a positive outlook. The City's utility system revenue bonds' rating by Fitch is A+ with a positive outlook while Standard and Poor rating is A+ with a stable outlook. The current ratio of net tax-supported debt to assessed value of all taxable property is 3.9%. The pledged revenue coverage for the utility system revenue bonds is 2.02.

Table A-4
City of Seguin's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Bonds Payable	43,472,260	45,060,141	40,102,740	19,774,859	83,575,000	64,835,000
Certificates of Obligation	15,085,000	15,630,000	-	-	15,085,000	15,630,000
Tax Anticipation Notes	-	185,000	-	-	-	185,000
Capital Leases	238,572	406,658	52,801	70,339	291,373	476,997
Total Bonds & Notes Payable	58,795,832	61,281,799	40,155,541	19,845,198	98,951,373	81,126,997

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the budget process for fiscal year 2015-16, City staff and City Council considered many factors when setting the budget. Staff reviewed all of the fees charged to citizens and customers when using City services. Along with the fees, staff also considered the tax rate. They also reviewed expenditures and how the increases may be held to a minimum. The City set a goal to maintain financial stability, a lean organization, a competitively paid staff and investment in capital outlay. This helped to maintain the City's services with the least affect possible on our citizens through taxes, fees, and utility rates. The projected revenues and expenditures for the General Fund are budgeted to increase by \$1,327,889 or 5.4% above the FY15 budget.

- Sales tax revenue is budgeted to increase by \$440,000 based upon current growing economy.
- Property tax revenue is budgeted to increase by \$362,351. This is based upon an increase in values.
- The property tax rate increased by \$.0012 to \$.5256, which is also the effective tax rate.
- Miscellaneous Violations is budgeted to increase by \$350,000 based upon the increase in FY15.
- GVEC Franchise Agreement is budgeted to increase by \$140,000 based upon a new franchise agreement between GVEC and the City.
- R.O.W. User Fees is budgeted to increase by \$124,198 based upon increased electric, water, and sewer revenue.
- Salaries and benefits are budgeted to increase by \$1,711,860. This includes a 2% cost of living effective January 1. It also includes some new positions and upgrades.
- Solid Waste Contract is expected to increase by \$80,815 due to an increase number of customers.
- Indigent Health Care is budgeted to increase by \$74,021, which represents a 5.2% increase.
- Electric, Water, Sewer and L&I Maintenance-Grounds within the Parks Department is budgeted to increase by \$73,200 due to the addition of a new park, Park West.

The projected revenues and expenditures for the Utility Fund are budgeted to increase by \$1,406,602 or 3.3% above the FY15 budget.

- Water revenue is budgeted to increase by \$1,194,829 due to an anticipated increase in consumption along with the implementation of new rates as recommended by a water rate study.
- Sewer revenue is budgeted to increase by \$429,650 due to an anticipated increase in consumption along with the implementation of new rates as recommended by a sewer rate study.
- Salaries and benefits are budgeted to increase by \$923,578. This includes a 2% cost of living effective January 1. It also includes some new positions and upgrades.
- Transfers to Utility I&S Fund is budgeted to increase by \$728,347 due to the issuance of the 2014 Utility Revenue bonds and a full year's payment towards those bonds.
- Indirect cost allocation is budgeted to increase by \$400,000 based upon prior years.
- Water Purchased is budgeted to increase by \$200,000 due to anticipated increase in customers.

Personnel expenses are increasing due to a 2% cost of living and merit increases. Several new positions have been added to the General Fund.

- Crime Prevention Officer
- Firefighter/Paramedic
- Building Inspector
- Civil Engineer in Training (½ position)

With the addition of a new library, the following positions have been added:

- Circulation Manager (to begin October 1, 2015)
- Library Clerk (to begin January 1, 2016)
- Library Assistant (to begin April 1, 2016)
- Library Clerk (to begin April 1, 2016)
- Youth Services Assistant (to begin June 1, 2016)
- Part-time Clerk (to begin January 1, 2016)
- Three part-time Clerks (to begin April 1, 2016)
- Part-time Shelver (to begin June 1, 2016)

New positions in the Utility Fund have also been added.

- Construction Crew for Water/Wastewater Department consisting of a Crew Leader, a Heavy Equipment Operator and two Maintenance Workers
- Meter Tester (Utility Services)
- Service Worker (Facilities)
- Civil Engineer in training (½ position)

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at the City of Seguin, 205 North River Street, Seguin, Texas 78155.



BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – wide financial statements
- Fund financial statements:
 - Governmental funds
 - Proprietary funds
 - Fiduciary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
ASSETS				
Cash and Cash Equivalents	\$ 1,586,304	\$ 1,162,788	\$ 2,749,092	\$ 11,023
Investments	25,200,319	42,715,615	67,915,934	1,162,366
Receivables (net of allowances for uncollectibles)				
Taxes	2,047,449	-	2,047,449	-
Accounts	963,623	4,057,004	5,020,627	747
Grants	63,033	-	63,033	-
Miscellaneous	86,570	2,720,540	2,807,110	-
Due From Component Unit/ Primary Government	-	21,001	21,001	211,399
Inventories	22,292	1,989,112	2,011,404	-
Prepays	91,976	45,843	137,819	2,768
Restricted Assets:				
Cash and Cash Equivalents	173,666	115,697	289,363	-
Investments	18,543,853	5,136,208	23,680,061	-
Notes Receivable	-	-	-	582,384
Net Present Value of Lease Financing	-	538,567	538,567	-
Capital Assets:				
Land	4,467,991	727,026	5,195,017	425,982
Buildings & Improvements	21,025,461	24,541,129	45,566,590	781,347
Improvements Other than Buildings/Infrastructure	52,363,884	62,324,032	114,687,916	-
Transportation & Equipment	13,325,093	6,957,203	20,282,296	-
Construction in Progress	18,510,452	21,024,586	39,535,038	-
Accumulated Depreciation	(43,632,012)	(55,641,785)	(99,273,797)	(37,558)
Total Assets	<u>114,839,954</u>	<u>118,434,566</u>	<u>233,274,520</u>	<u>3,140,458</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Related Outflows	2,138,324	702,591	2,840,915	-
Deferred Charge on Refunding	659,450	68,575	728,025	-
Total Deferred Outflows of Resources	<u>\$ 2,797,774</u>	<u>\$ 771,166</u>	<u>\$ 3,568,940</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
LIABILITIES				
Accounts Payable and Other Current Liabilities	\$ 3,472,262	\$ 3,511,113	\$ 6,983,375	\$ 113,226
Unearned Revenue	267,973	705,830	973,803	-
Accrued Interest Payable	234,228	-	234,228	-
Due to Component Unit/ Primary Government	211,399	-	211,399	21,001
Customer Deposits	-	737,549	737,549	600
<i>Payable from Restricted Assets:</i>				
Accrued Interest Payable	-	230,800	230,800	-
Current Portion of Long-Term Debt	-	1,301,771	1,301,771	-
<i>Noncurrent Liabilities:</i>				
Due within One Year	3,087,162	215,712	3,302,874	-
Due in more than One Year	78,517,893	46,095,711	124,613,604	-
Total Liabilities	<u>85,790,917</u>	<u>52,798,486</u>	<u>138,589,403</u>	<u>134,827</u>
NET POSITION				
Net Investment in Capital Assets	25,657,965	39,946,492	65,604,457	1,169,771
Restricted for:				
Tourism & Economic Development	1,208,279	-	1,208,279	-
Public Safety	446,355	-	446,355	-
Public Service	224,926	-	224,926	-
Debt Service	1,426,732	2,012,821	3,439,553	-
Impact Fees	-	1,638,879	1,638,879	-
Unrestricted	2,882,554	22,809,054	25,691,608	1,835,860
Total Net Position	<u>\$ 31,846,811</u>	<u>\$ 66,407,246</u>	<u>\$ 98,254,057</u>	<u>\$ 3,005,631</u>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Functions and Programs	Expenses		Program Revenues		
	Direct	Indirect Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	\$ 6,354,347	\$ (4,190,324)	\$ 3,381,353	\$ 583,309	\$ 11,000
Public Safety	13,399,458	-	3,641,594	133,774	4,241
Public Service	8,043,970	-	3,005,082	84,096	1,999,095
Interest on Long-term Debt	2,343,340	-	-	-	-
Total Governmental Activities	<u>30,141,115</u>	<u>(4,190,324)</u>	<u>10,028,029</u>	<u>801,179</u>	<u>2,014,336</u>
Business-Type Activities					
Utility	38,627,413	4,190,324	42,645,590	-	749,579
Total Business-Type Activities	<u>38,627,413</u>	<u>4,190,324</u>	<u>42,645,590</u>	<u>-</u>	<u>749,579</u>
Total Primary Government	<u>\$ 68,768,528</u>	<u>\$ -</u>	<u>\$ 52,673,619</u>	<u>\$ 801,179</u>	<u>\$ 2,763,915</u>
Component Unit:					
Seguin Economic Development Corporation	1,944,659	\$ -	\$ 27,588	54,188	\$ -
Total Component Unit	<u>\$ 1,944,659</u>	<u>\$ -</u>	<u>\$ 27,588</u>	<u>\$ 54,188</u>	<u>\$ -</u>
General Revenues:					
Taxes					
Property Taxes					
Franchise Taxes					
Sales Taxes					
Occupancy Taxes					
Industrial District Agreement Annual Payment					
Gain on Sale of Capital Assets					
Interest and Investment Earnings					
Total General Revenues					
Transfers					
Change in Net Position					
Net Position at Beginning of Year					
Prior period Adjustment					
Net Position at End of Year					

See accompanying notes to basic financial statements.

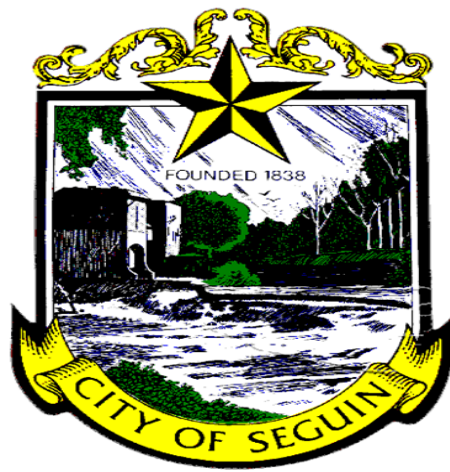
Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
\$ 1,811,639	\$ -	\$ 1,811,639	\$ -
(9,619,849)	-	(9,619,849)	-
(2,955,697)	-	(2,955,697)	-
(2,343,340)	-	(2,343,340)	-
(13,107,247)	-	(13,107,247)	-
-	577,432	577,432	-
-	577,432	577,432	-
(13,107,247)	577,432	(12,529,815)	-
-	-	-	(1,862,883)
-	-	-	(1,862,883)
7,516,954	-	7,516,954	-
986,176	-	986,176	-
6,089,793	-	6,089,793	1,202,373
825,433	-	825,433	-
520,000	-	520,000	-
-	483	483	-
40,371	34,353	74,724	31,704
15,978,727	34,836	16,013,563	1,234,077
(100,149)	100,149	-	-
2,771,331	712,417	3,483,748	(628,806)
49,161,153	72,305,076	121,466,229	3,634,437
(20,085,673)	(6,610,247)	(26,695,920)	-
\$ 31,846,811	\$ 66,407,246	\$ 98,254,057	\$ 3,005,631

CITY OF SEGUIN, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General Fund	2010 Certificates of Obligation	2014 General Obligation Bond
ASSETS			
Cash and Cash Equivalents	\$ 1,096,909	\$ -	\$ -
Investments	17,316,881	-	-
Receivables (net of allowances for uncollectibles):			
Taxes	1,642,438	-	-
Accounts	921,557	-	-
Grants	63,033	-	-
Miscellaneous	79,840	-	-
Inventories	22,292	-	-
Prepaid Items	76,406	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	6,831	3,466
Investments	-	3,885,367	12,994,099
Total Assets	<u>\$ 21,219,356</u>	<u>\$ 3,892,198</u>	<u>\$ 12,997,565</u>
LIABILITIES			
Accounts Payable	\$ 669,107	\$ 197,454	\$ 1,186,490
Accrued Expenditures	976,627	-	-
Due to Component Unit	211,399	-	-
Unearned Revenues	240,808	-	-
Due to Others	37,185	-	-
Total Liabilities	<u>2,135,126</u>	<u>197,454</u>	<u>1,186,490</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	1,093,951	-	-
Total Deferred Inflows of Resources	<u>1,093,951</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
<i>Nonspendable:</i>			
Prepays and Inventory	98,698	-	-
<i>Restricted:</i>			
Tourism & Economic Development	-	-	-
Public Safety	-	-	-
Public Service	25,300	-	-
Capital Projects	-	3,694,744	11,811,075
Debt Service	-	-	-
<i>Committed:</i>			
Stabilization Arrangement	2,167,774	-	-
Aquatic Fees	-	-	-
<i>Assigned</i>	126,887	-	-
<i>Unassigned</i>	15,571,620	-	-
Total Fund Balances	<u>17,990,279</u>	<u>3,694,744</u>	<u>11,811,075</u>
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES	<u>\$ 21,219,356</u>	<u>\$ 3,892,198</u>	<u>\$ 12,997,565</u>

See accompanying notes to basic financial statements.

Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,949	\$ 325,986	\$ 1,425,844
1,458,334	5,770,661	24,545,876
199,677	205,334	2,047,449
-	42,066	963,623
-	-	63,033
-	-	79,840
-	-	22,292
-	15,570	91,976
-	163,369	173,666
-	1,664,387	18,543,853
<u>\$ 1,660,960</u>	<u>\$ 8,187,373</u>	<u>\$ 47,957,452</u>
\$ -	\$ 347,594	\$ 2,400,645
-	10,697	987,324
-	-	211,399
-	27,165	267,973
-	36,554	73,739
<u>-</u>	<u>422,010</u>	<u>3,941,080</u>
193,774	-	1,287,725
<u>193,774</u>	<u>-</u>	<u>1,287,725</u>
-	15,570	114,268
-	1,208,279	1,208,279
-	446,355	446,355
-	199,626	224,926
-	1,803,938	17,309,757
1,467,186	-	1,467,186
-	-	2,167,774
-	24,208	24,208
-	4,067,387	4,194,274
-	-	15,571,620
<u>1,467,186</u>	<u>7,765,363</u>	<u>42,728,647</u>
<u>\$ 1,660,960</u>	<u>\$ 8,187,373</u>	<u>\$ 47,957,452</u>



CITY OF SEGUIN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$ 42,728,647
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	66,060,869
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Internal service funds are used by management to charge costs related to employee insurance. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	811,079
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,287,725
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Long-term liabilities, including bonds payable and capital leases, are not due and payable in the current period and, therefore, not reported in the funds:

General Bonded Debt	58,557,262	
Unamortized Premiums and Deferred Charges	297,927	
Capital Leases	238,572	
Net Other Post Employment Benefit Obligation	182,890	
Net Pension Liability (Net of Deferred Outflows)	18,483,128	
Compensated Absences	1,047,502	(78,807,281)

Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.	(234,228)
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$ 31,846,811
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CITY OF SEGUIN, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund	2010 Certificates of Obligation	2014 General Obligation Bonds
REVENUES			
Taxes	\$ 11,377,976	\$ -	\$ -
Licenses and Permits	1,104,009	-	-
Intergovernmental	954,686	-	8,000
Charges for Services	5,635,600	-	-
Fines and Forfeits	1,728,156	-	-
Interest	10,728	6,498	17,200
Miscellaneous	740,455	(2)	-
Total Revenues	<u>21,551,610</u>	<u>6,496</u>	<u>25,200</u>
EXPENDITURES			
Current:			
General Government	2,652,479	-	-
Public Safety	11,847,542	-	-
Public Service	6,523,397	-	-
Nondepartmental	1,691,140	-	-
Indirect Cost Allocation (Recovery)	(4,190,324)	-	-
Capital Projects/Outlay	-	5,039,938	7,190,773
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Bond Issue Costs	-	-	-
Total Expenditures	<u>18,524,234</u>	<u>5,039,938</u>	<u>7,190,773</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,027,376</u>	<u>(5,033,442)</u>	<u>(7,165,573)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	82,252	-	-
Transfers Out	(4,113,710)	-	-
Bonded Debt Issues	-	-	-
Premiums on Issuance of Bonds	-	-	-
Payments to Refunding Escrow Agent	-	-	-
Total Other Financing Sources (Uses)	<u>(4,031,458)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(1,004,082)	(5,033,442)	(7,165,573)
Fund Balances at Beginning of Year	18,994,361	8,728,186	18,976,648
Fund Balances at End of Year	<u>\$ 17,990,279</u>	<u>\$ 3,694,744</u>	<u>\$ 11,811,075</u>

See accompanying notes to basic financial statements.

Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,226,732	\$ 832,550	\$ 15,437,258
-	138,930	1,242,939
533,600	1,900,771	3,397,057
-	210,415	5,846,015
-	171,820	1,899,976
1,477	4,387	40,290
-	239,208	979,661
<u>3,761,809</u>	<u>3,498,081</u>	<u>28,843,196</u>
	817,411	3,469,890
	-	11,847,542
	-	6,523,397
-	356,486	2,047,626
-	-	(4,190,324)
-	4,961,647	17,192,358
2,512,881	168,086	2,680,967
2,152,551	11,661	2,164,212
193,604	-	193,604
<u>4,859,036</u>	<u>6,315,291</u>	<u>41,929,272</u>
<u>(1,097,227)</u>	<u>(2,817,210)</u>	<u>(13,086,076)</u>
725,000	3,371,143	4,178,395
-	(243,169)	(4,356,879)
8,465,000	-	8,465,000
352,821	-	352,821
<u>(8,624,217)</u>	<u>-</u>	<u>(8,624,217)</u>
<u>918,604</u>	<u>3,127,974</u>	<u>15,120</u>
(178,623)	310,764	(13,070,956)
1,645,809	7,454,599	55,799,603
<u>\$ 1,467,186</u>	<u>\$ 7,765,363</u>	<u>\$ 42,728,647</u>



CITY OF SEGUIN, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (13,070,956)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Current Year Additions	16,951,523	
Contributions of Capital Assets	86,341	
Current Period Depreciation	<u>(2,927,295)</u>	14,110,569

In the Statement of Activities, only the gain or loss on the disposal of a capital asset is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of disposed assets.

(4,879)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Decrease in Unavailable Revenues		(34,363)
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The issuance of long-term-debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the net effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Proceeds of New Debt	(8,465,000)	
Premiums on Debt Issues	(352,821)	
Payments to Refunding Bond Escrow Agent	8,624,217	
Principal Payments	2,680,967	
Amortization of Deferred Charges & Premiums	<u>34,107</u>	2,521,470

The governmental funds report pension and other postemployment benefit contributions as expenditures when paid. However, in the statement of activities, differences between pension plan and other postemployment benefit contributions and costs for the year are reported as an asset or obligation.

(705,399)

Some expenses reported in the Statement of Activities (including compensated absences and accrued interest expense) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(120,017)

Internal service funds are used by management to charge the costs of employee insurance to individual funds. The net revenue/(loss) is reported with governmental activities.

74,906

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES

\$ 2,771,331

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2015

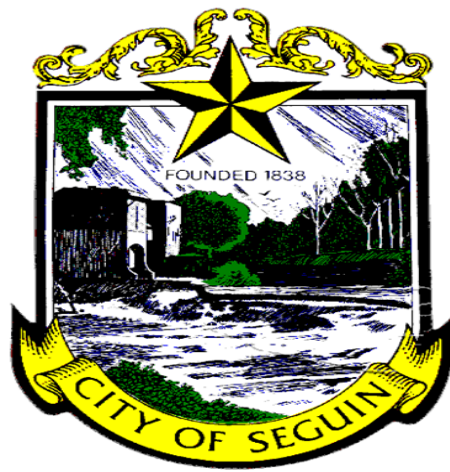
	Business-Type Activities Utility Fund	Governmental Activities Internal Service Funds
ASSETS		
<i>Current Assets</i>		
<i>Cash and Cash Equivalents:</i>		
Restricted Cash	\$ 115,697	\$ -
Unrestricted Cash	1,162,788	160,459
<i>Investments:</i>		
Restricted Investments	5,136,208	-
Unrestricted Investments	42,715,615	654,443
Accounts Receivable (Net)	4,057,004	-
Miscellaneous Receivables	2,720,540	6,730
Due from Component Unit	21,001	-
Inventories	1,989,112	-
Prepaid Items	45,843	-
<i>Total Current Assets</i>	<u>57,963,808</u>	<u>821,632</u>
<i>Noncurrent Assets</i>		
Net Present Value of Lease Financing	538,567	-
	<u>538,567</u>	<u>-</u>
<i>Capital Assets:</i>		
Land	727,026	-
Buildings and Improvements	24,541,129	-
Improvements Other than Buildings	62,324,032	-
Transportation & Equipment	6,957,203	-
Construction in Progress	21,024,586	-
Accumulated Depreciation	(55,641,785)	-
<i>Capital Assets, net</i>	<u>59,932,191</u>	<u>-</u>
<i>Total Noncurrent Assets</i>	<u>60,470,758</u>	<u>-</u>
Total Assets	<u>118,434,566</u>	<u>821,632</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Related Outflows	702,591	-
Deferred Charge on Refundings	68,575	-
Total Deferred Outflows of Resources	<u>\$ 771,166</u>	<u>\$ -</u>

Continued

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2015

	Business-Type Activities Utility Fund	Governmental Activities Internal Service Funds
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 3,188,667	\$ 10,553
Accrued Expenses	538,158	-
Unearned Revenue	705,830	-
Customer Deposits	737,549	-
<i>Current Liabilities</i>	<u>5,170,204</u>	<u>10,553</u>
<i>Current Liabilities Payable from Restricted Assets:</i>		
Accrued Interest Payable	230,800	-
Current Portion of Long-term Bonds	1,301,771	-
<i>Current Liabilities Payable from Restricted Assets</i>	<u>1,532,571</u>	<u>-</u>
<i>Total Current Liabilities</i>	<u>6,702,775</u>	<u>10,553</u>
<i>Noncurrent Liabilities:</i>		
Capital Lease Payable	52,801	-
Compensated Absences	173,113	-
Net Other Post Employment Benefit Obligation	67,646	-
Net Pension Liability	6,775,604	-
Revenue & Refunding Bonds Payable	39,026,547	-
<i>Total Noncurrent Liabilities</i>	<u>46,095,711</u>	<u>-</u>
Total Liabilities	<u>52,798,486</u>	<u>10,553</u>
NET POSITION		
Net Investment in Capital Assets	39,946,492	-
Restricted for:		
Debt Service	2,012,821	-
Impact Fees	1,638,879	-
Unrestricted	22,809,054	811,079
Total Net Position	<u>\$ 66,407,246</u>	<u>\$ 811,079</u>

See accompanying notes to basic financial statements.



CITY OF SEGUIN, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
OPERATING REVENUES		
Charges for Utility Service	\$ 41,238,486	\$ -
Charges for Premiums	-	2,966,674
Miscellaneous Revenues	1,407,104	-
Total Operating Revenues	<u>42,645,590</u>	<u>2,966,674</u>
OPERATING EXPENSES		
Administration	1,849,351	2,970,191
Operation and Maintenance:		
Electric Distribution	21,000,423	-
Utility Services	951,067	-
Water Production	4,673,612	-
Water/Sewer Maintenance	3,778,870	-
Sewer	1,925,099	-
Economic Development	388,668	-
Facilities Maintenance	643,945	-
Information Technology	254,532	-
City Attorney	394,474	-
Nondepartmental	812,415	-
Indirect Cost Allocation	4,190,324	-
Total Operating Expenses	<u>40,862,780</u>	<u>2,970,191</u>
OPERATING INCOME (LOSS)	<u>1,782,810</u>	<u>(3,517)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	34,353	88
Gain (Loss) on Sale of Assets	483	-
Interest and Fiscal Charges	(1,241,434)	-
Bond Issue Costs	(713,523)	-
Total Nonoperating Revenues (Expenses)	<u>(1,920,121)</u>	<u>88</u>
Net Income (Loss) Before Contributions and Transfers	<u>(137,311)</u>	<u>(3,429)</u>
Capital Contributions	749,579	-
Transfers In	100,149	78,335
	<u>849,728</u>	<u>78,335</u>
Change in Net Position	712,417	74,906
NET POSITION AT BEGINNING OF YEAR	72,305,076	736,173
Prior Period Adjustment	(6,610,247)	-
NET POSITION AT END OF YEAR	<u><u>\$ 66,407,246</u></u>	<u><u>\$ 811,079</u></u>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-Type Activities Utility Fund	Governmental Activities Internal Service Funds
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 43,872,475	\$ 2,965,742
Cash Paid for Employee Wages & Benefits	(6,233,432)	-
Cash Paid to Suppliers for Goods & Services	(26,600,048)	(2,978,923)
Cash Paid General Fund for Indirect Costs	(4,190,324)	-
Net Cash Provided (Used) by Operating Activities	6,848,671	(13,181)
Cash Flows From Noncapital Financing Activities:		
Transfers From Other Funds	100,149	78,335
Net Cash Provided (Used) by Noncapital Financing Activities	100,149	78,335
Cash Flows From Capital and Related Financing Activities:		
Purchase/Construction of Capital Assets	(9,323,600)	-
Capital Grants Received	498,959	-
Proceeds from Revenue Bonds	21,405,000	-
Premium received on Revenue Bonds	108,523	-
Principal Payments on Long-term Bonds	(1,077,119)	-
Interest and Fiscal Charges Paid	(1,133,422)	-
Bond Issue Costs	(713,523)	-
Principal Payments on Capital Leases	(17,538)	-
Advances (To) From Component Unit	(1,411)	-
Proceeds from Sale of Capital Assets	483	-
Net Cash Provided (Used) by Capital and Related Financing Activities	9,746,352	-
Cash Flows From Investing Activities:		
Sale/(Purchase) of Investment Securities	(16,202,825)	(44,971)
Investment Interest Received	34,353	88
Lease Financing - Principal Payments Received	38,739	-
Net Cash Provided (Used) by Investing Activities	(16,129,733)	(44,883)
Net Increase (Decrease) in Cash and Cash Equivalents	565,439	20,271
Cash and Equivalents at Beginning of Year:		
Cash and Cash Equivalents	701,220	140,188
Restricted Cash and Cash Equivalents	11,826	-
	713,046	140,188
Cash and Cash Equivalents at End of Year:		
Cash and Cash Equivalents	1,162,788	160,459
Restricted Cash and Cash Equivalents	115,697	-
	\$ 1,278,485	\$ 160,459

Continued

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-Type Activities <u>Utility Fund</u>	Governmental Activities <u>Internal Service Funds</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 1,782,810	\$ (3,517)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation:	2,930,821	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable	400,777	(932)
Inventory/Prepaid Items	(260,660)	2,717
Net Pension Asset/Deferred Pension Related Outflows	45,211	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	822,012	(11,449)
Accrued Expenses	112,363	-
Net Other Postemployment Benefit Obligation	23,872	-
Net Pension Liability	165,357	-
Unearned Revenue	642,305	-
Customer Deposits	183,803	-
	<u>5,065,861</u>	<u>(9,664)</u>
	<u><u>\$ 6,848,671</u></u>	<u><u>\$ (13,181)</u></u>
Transactions Not Affecting Cash and Cash Equivalents:		
Noncapital Financing Activities:		
Net Pension Liability pursuant to GASB 68	<u>\$ 6,775,604</u>	<u>\$ -</u>
Capital and Related Financing Activities:		
Contributions from Developers - Capital Assets	<u>\$ 250,620</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

ASSETS	Private Purpose Trust Funds	Agency Fund
Cash and Cash Equivalents	\$ 4,708	\$ 48,193
Investments	306,693	-
Receivables	2,300	-
Inventory	359,431	-
Total Assets	<u>673,132</u>	<u>48,193</u>
 LIABILITIES		
Accounts Payable/ Due to Others	<u>-</u>	<u>48,193</u>
Total Liabilities	<u>-</u>	<u>\$ 48,193</u>
 NET POSITION		
Held in Trust for Scholarship	5,689	
Held in Trust for Riverside Cemetery	39,876	
Held in Trust for Industrial Development	627,567	
Total Net Position	<u>\$ 673,132</u>	

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Private Purpose Trust Funds
ADDITIONS	
Interest	\$ 267
Total Additions	<u>267</u>
DEDUCTIONS	
Distributions to Participants	129,746
Total Deductions	<u>129,746</u>
Change in Net Position	(129,479)
Net Position, Beginning of Year	<u>802,611</u>
Net Position, End of Year	<u><u>\$ 673,132</u></u>

See accompanying notes to basic financial statements.



CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Seguin, Texas ("City") was incorporated in 1853. The City Charter was adopted on December 7, 1971, under the provisions of the Home Rule Charter Act of the State of Texas. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: police and fire protection, health services, maintenance of streets, planning and zoning, parks and recreation, general administrative services, electric, water, and wastewater services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

1. REPORTING ENTITY

Component Units

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations; thus, data from these units, if any existed, would be combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

The Seguin Economic Development Corporation, a nonprofit corporation, was incorporated under the Development Corporation Act of 1979, Texas Revised Civil Statutes Annotated, Article 5190.6, Section 4A. The Corporation is organized exclusively for public purposes of the City of Seguin, and the City Council appoints directors of the Corporation. It receives all proceeds from the 0.25% sales tax adopted in 1994 for economic development in Seguin. The corporation meets the criteria of a discretely presented component unit, described above, and is presented in the government-wide financial statements. Complete financial statements for the Seguin Economic Development Corporation may be obtained at City Hall.

Joint Ventures

A joint venture is a legally separate entity that results from a contractual arrangement and that is owned, operated, or governed by two or more participating governments. The following entities meet the criteria as joint ventures:

The Guadalupe Regional Medical Center is a joint venture between the City of Seguin and Guadalupe County. Each participating government appoints one-half of the board of directors and approves annual budgets. In addition, the participating governments are financially responsible for indigent health care provided by the hospital, and are contingently liable for hospital debts. Separate financial statements of the Guadalupe Regional Medical Center may be obtained by contacting the hospital administrator.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. REPORTING ENTITY (Continued)

Joint Ventures (Continued)

The Schertz/Seguin Local Government Corporation is a public, nonprofit corporation organized to aid, assist, and act on behalf of the cities of Schertz and Seguin in acquiring, constructing, maintaining, and operating a water utility system. The participating governments have an ongoing financial responsibility to fund the operation of the corporation through either purchase of services or by subsidizing the operations. Separate financial statements for the Schertz/Seguin Local Government Corporation may be obtained at City Hall.

Summarized financial data for joint ventures has been provided in Note M.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City and its component unit (except for City fiduciary activity). The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The primary government is reported separately from the component unit within the government-wide statements.

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund, 2010 Certificates of Obligation (Capital Projects) Fund, 2014 General Obligation Bonds (Capital Projects) Fund, and the Debt Service Fund meet criteria as **major governmental funds**. Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue and Capital Projects Funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for nonmajor funds are presented in the Combining Fund Statements and Schedules as "Supplementary Information".

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are revenue from investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes and grants not restricted to specific programs and investment earnings.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public service and capital acquisition. Nondepartmental expenses include insurance costs, professional services and miscellaneous costs that do not benefit any one department, as well as contributions to local charitable organizations and the Guadalupe Regional Medical Center.

2010 Certificates of Obligation Fund is used to account for funds received from the 2010 Certificates of Obligation to finance major improvements to certain city infrastructure.

2014 General Obligation Bond Fund is used to account for funds received from the 2014 GO Bonds to finance a new Library and park improvements.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

Debt Service Fund accounts for ad valorem tax and contributions from the component unit to support city bonded debt.

Nonmajor funds include Special Revenue Funds (other than major projects and grants) and Capital Projects Funds.

Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's Proprietary Fund is the Utility Fund (used to account for the provision of electric, water and sewer services to residents) and the Internal Service Funds used to account for the City's group medical insurance program and workers compensation benefits.

Revenues are derived from charges for services for utilities, city contributions, employee and retiree/cobra premiums, and investment of idle funds. Expenses are charges incurred for operating, purchases of electricity and water, premiums and administrative expenses for insurance.

The **Proprietary Funds** are accounted for using the accrual basis of accounting as follows:

Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Fiduciary fund level financial statements include fiduciary funds which are classified into private purpose trust and agency funds. Fiduciary fund reporting focuses on net assets and changes in net position. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. INVESTMENTS

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAAM (or equivalent) rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one-half of one percent of the value of its shares.

Investments are stated at fair value (plus accrued interest) except for money market investments and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost. Likewise, certificates of deposit are stated at amortized cost (see Note B).

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 and become due October 1, 2014 and past due after January 31, 2015. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible in the amount of \$27,616.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

8. INVENTORIES & PREPAID ITEMS

Inventories of consumable supplies are valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Inventories of repair and replacement parts for the utility system are valued at cost, which approximates market, using the moving average cost method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and in the fund financial statements are offset by a reservation of fund balance which indicates they do not represent “available spendable resources.”

9. RESTRICTED ASSETS

Certain proceeds of General Obligation Bonds, Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Funds are segregated to report those proceeds of revenue bond issuances that are restricted for use in construction. Funds are also segregated to provide for debt service as provided under bond indenture agreements.

10. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, such as equipment, are defined as assets with a cost of \$5,000 or more. Infrastructure assets include City-owned streets, sidewalks, curbs and bridges.

Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. CAPITAL ASSETS (Continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings and improvements	20 to 40 years
Improvements other than buildings	20 to 40 years
Utility system in service	20 to 67 years
Machinery and equipment	5 to 15 years

11. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category: deferred pension related costs which will be included in the subsequent actuarial valuation, and deferred charge on refundings reported in the government-wide statement of net position, as well as the Proprietary Fund statement of position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under a modified accrual basis of accounting. Unavailable revenues from property tax and EMS receivables are deferred and recognized as an inflow of resource in the period the amounts become available.

12. COMPENSATED ABSENCES

The City permits employees to accumulate earned but unused vacation pay benefits up to the amount earned in two years. Upon resignation, an employee may receive pay for any unused accrued vacation provided the employee gives two weeks written notice of the resignation and is not subject to discharge for misconduct. Unused sick leave may be accumulated to certain limits. In the event of termination, no reimbursement is made for accumulated sick leave. No liability is reported for unpaid accumulated sick leave. Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

13. UNEARNED REVENUE

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net assets. On new bond issues, bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

15. PENSIONS

The net pension liability, deferred outflows related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from TMRS' fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

16. FUND EQUITY

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – pre-paid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the city council – the government's highest level of decision making authority. The City Council is the highest level of decision-making authority for the city that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (by adoption of another ordinance) to remove or revise the limitation.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. FUND EQUITY (Continued)

The City Council adopted an ordinance in March 2012 establishing an *emergency fund stabilization arrangement*. The Ordinance requires additions to the fund in the event the fund balance falls below \$2,000,000. Additions are to come from interest earnings, direct transfers from the General Fund and/or Utility Fund, or reimbursements from insurance or grants for expenditures incurred by the fund. The stabilization fund may be expended on recovery efforts for public infrastructure damage that occurs as a result of a disaster declared by the City or the State.

Assigned fund balance. This classification reflects the amounts constrained by the city's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council has designated the City Manager as the responsible agent for assigning fund balances. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

As of September 30, 2015, the City Manager had assigned fund balances for the following:

- Favorable budget variances for retirement expenditures in all departments were set aside and assigned for the future buy-down of pension plan liabilities (\$55,881).
- Excess recycling fees over expenditures were assigned for future expenditures associated with "green" waste disposal (\$1,348).
- Excess budget variances for street maintenance were assigned for future street maintenance projects (\$69,658).
- Funds set aside in nonmajor capital project funds that are not otherwise restricted by bond covenants are assigned for specific capital projects.

Total assigned funds in the General Fund were \$126,887. Total assigned balances in nonmajor capital project funds were \$4,067,387.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

The City Council has set a General Fund minimum fund balance target at three months of expenditures and recurring transfers. No other fund balance policies exist.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

17. NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

18. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

The City allocates to the Utility (Proprietary) Fund an indirect cost percentage of general government administration expenses that are paid through the General Fund. During the year ended September 30, 2015, the City allocated \$4,190,324 as a transfer for such services. The indirect cost allocation is reflected as an operating expense in the Utility Fund, and a reduction of current expenditures in the General Fund, and in a separate column in the Statement of Activities.

19. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for electric, water, and sewer services and premiums for employee insurances. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

20. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

21. ADOPTION OF NEW ACCOUNTING POLICY

Governmental Accounting Standards Board Statement No. 68

For the year ending September 30, 2015, the City implemented GASB Statement No. 68 related to accounting for pensions. This new standard requires the City plan's net pension liability and related deferred inflows and outflows of resources to be recognized on the City's government-wide and Proprietary Fund statements. This change required a prior period adjustment to restate prior years in accordance with the change in accounting principle. The prior period adjustment recorded represents the net pension liability at September 30, 2014.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

22. COMPARATIVE DATA/RECLASSIFICATIONS

Comparative data for the prior year has been provided for the General Fund and Utility Fund in the fund financial statements in order to provide an understanding of the changes in the financial position and operation of these funds.

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 financial statement presentation. The reclassifications had no effect on the changes in financial position. The comparative information has not been restated in the Utility Fund to conform to the change in accounting principle required by GASB 68, as there was insufficient data available to restate the financial statements. Therefore, accounting changes necessary to conform to GASB 68 have been presented prospectively.

NOTE B -- DEPOSITS AND INVESTMENTS

As of September 30, 2015, the City of Seguin had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
<i>Primary Government</i>		
Local Government Investment Pools:		
TexPool	\$ 25,434,400	0.06
LOGIC	66,468,288	0.09
	<u>\$ 91,902,688</u>	
Portfolio Weighted Average Maturity		0.15
<i>Component Unit</i>		
Local Government Investment Pools:		
TexPool	\$ 531,725	0.10
LOGIC	630,641	0.07
	<u>\$ 1,162,366</u>	
Portfolio Weighted Average Maturity		0.17

Investment Rate Risk. The City and component unit manage exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year.

Credit Risk. The City's investment policy limits investments to obligations of the United States (up to 95% of total invested funds) or its agencies and instrumentalities (maximum 80% of funds); direct obligations of the State of Texas; obligations of states, agencies, contracts, cities, and other political subdivisions rated as to investment quality of not less than AAA by a nationally recognized investment firm. The U.S. Government Securities are not considered to have credit risk and do not require disclosure of credit quality.

The City may also invest funds in government investment pools provided the pool maintains a AAA rating, the pool maintains a stable asset value, and the average dollar weighted maturity does not exceed 90 days. As of September 30, 2015, the investments in TexPool and LOGIC were rated AAAM by Standard & Poor's.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

The City's and Component Units' investments in pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Both Texpool and Logic Pools operate in a manner consistent with Rule 2a7. Therefore, the investments are reported at \$1 per share, which approximates fair value. There was no change in fair value of the investment pools for the year ended September 30, 2015.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of September 30, 2015, the government's deposits were fully collateralized or insured by FDIC.

The Component Unit had deposits that were fully insured by FDIC.

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2015, the City and Component Unit were not exposed to custodial credit risk.

NOTE C -- PROPERTY TAX CALENDAR

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Guadalupe County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2014, upon which the fiscal 2015 levy was based, was \$1,471,733,571 (i.e., market value less exemptions). The estimated market value was \$2,389,831,970 making the taxable value 62% of the estimated market value.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2015, was \$0.5244 per \$100 of assessed value, which means that the City has a tax margin of \$1.9756 for each \$100 value and could increase its annual tax levy by approximately \$29,075,568 based upon the present assessed valuation of \$1,471,733,571 before the limit is reached. However, the City may not adopt a tax rate that exceeds the tax rate calculated in accordance with the Texas Property Tax Code without holding a public hearing. The Property Tax Code subjects an increase in the effective tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year's effective tax rate.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE C -- PROPERTY TAX CALENDAR (Continued)

Property taxes are recorded as receivables and unearned revenues at the time the taxes are assessed. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. In the government-wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy date.

NOTE D -- INTERFUND RECEIVABLE/PAYABLE

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of September 30, 2015, balances of interfund amounts receivable or payable have been recorded as follows:

<i>Component Unit</i>	<u>Due From</u>	<u>Due To</u>
Primary Government		
General Fund	\$ -	\$ 211,399
Enterprise Fund	21,001	-
	<u>21,001</u>	<u>211,399</u>
Component Unit		
General Fund	211,399	-
Enterprise Fund	-	21,001
	<u>211,399</u>	<u>21,001</u>
Totals	<u>\$ 232,400</u>	<u>\$ 232,400</u>

NOTE E -- NOTES RECEIVABLE (COMPONENT UNIT)

The SEDC (Component Unit) provides incentives in the form of grants and notes receivable to area businesses in conjunction with its function of generating economic development. Various notes receivable were outstanding as of September 30, 2015 with interest rates ranging from 3.0% to 5.5% and mature from 2023 through 2026. Future payments on the notes are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 59,170	\$ 29,448	\$ 88,618
2017	60,076	26,333	86,409
2018	63,360	23,049	86,409
2019	66,826	19,584	86,410
2020	70,481	15,928	86,409
2021-2025	262,134	25,248	287,382
Thereafter	637	12	649
	<u>\$ 582,684</u>	<u>\$ 139,602</u>	<u>\$ 722,286</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE F -- NET PRESENT VALUE OF LEASE FINANCING

The City has leased property located at 2460 Crossroads Blvd., consisting of a 49,120 square foot building and improvements, to Pure and Gentle Soap Products, Inc. under a sales-type lease agreement. The lease is for an original term of twenty (20) years and transfers property to the lessee for \$1 at the end of the lease term (2026), or earlier by paying the remaining base rental payments under the lease, discounted at 5.75%.

The agreement calls for the lessee to operate a business within the premises in order to generate sales tax revenue, property tax and utility revenue. Failure to continue the business would be considered a breach of the contract.

Future minimum lease payments under the lease are as follows:

<u>September 30,</u>	
2016	\$ 73,351
2017	75,151
2018	75,151
2019	75,151
2020	75,151
Thereafter	<u>548,878</u>
Total Payments	922,833
Less: Amount Representing Interest	<u>(384,266)</u>
Net Present Value of Lease Financing	<u><u>\$ 538,567</u></u>

NOTE G -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015, was as follows:

<i>Governmental Activities</i>	Balance 10/1/2014	Additions	Disposals	Transfers/ Adjustments	Balance 9/30/2015
Land	\$ 4,381,650	\$ -	\$ -	\$ 86,341	\$ 4,467,991
Construction in Progress	3,955,814	14,588,773	-	(34,135)	18,510,452
Total Assets Not Depreciated	<u>8,337,464</u>	<u>14,588,773</u>	<u>-</u>	<u>52,206</u>	<u>22,978,443</u>
Buildings and Improvements	20,975,365	50,096	-	-	21,025,461
Improvements Other Than Buildings	51,208,302	1,121,447	-	34,135	52,363,884
Transportation and Equipment	12,284,103	1,191,207	(150,217)	-	13,325,093
Totals at Historical Cost	<u>92,805,234</u>	<u>16,951,523</u>	<u>(150,217)</u>	<u>86,341</u>	<u>109,692,881</u>
Less Accumulated Depreciation:					
Buildings and Improvements	(6,887,912)	(354,707)	-	-	(7,242,619)
Improvement Other Than Buildings	(25,827,088)	(1,640,966)	-	-	(27,468,054)
Transportation and Equipment	(8,135,055)	(931,622)	145,338	-	(8,921,339)
	<u>(40,850,055)</u>	<u>(2,927,295)</u>	<u>145,338</u>	<u>-</u>	<u>(43,632,012)</u>
Governmental Capital Assets, Net	<u><u>\$ 51,955,179</u></u>	<u><u>\$ 14,024,228</u></u>	<u><u>\$ (4,879)</u></u>	<u><u>\$ 86,341</u></u>	<u><u>\$ 66,060,869</u></u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE G -- CAPITAL ASSETS

<i>Business-Type Activities</i>	Balance 10/1/2014	Additions	Disposals	Transfers/ Adjustments	Balance 9/30/2015
Land	\$ 727,026	\$ -	\$ -	\$ -	\$ 727,026
Construction in Progress	13,530,642	8,198,963	-	(705,019)	21,024,586
Total Assets Not Depreciated	14,257,668	8,198,963	-	(705,019)	21,751,612
Buildings and Improvements	24,235,997	305,132	-	-	24,541,129
Utility System	61,208,604	410,409	-	705,019	62,324,032
Transportation and Equipment	6,343,221	659,716	(45,734)	-	6,957,203
Totals at Historical Cost	106,045,490	9,574,220	(45,734)	-	115,573,976
Less Accumulated Depreciation:					
Buildings and Improvements	(17,978,817)	(303,251)	-	-	(18,282,068)
Improvement Other Than Buildings	(30,238,462)	(2,232,057)	-	-	(32,470,519)
Transportation and Equipment	(4,539,420)	(395,513)	45,734	-	(4,889,199)
	(52,756,698)	(2,930,821)	45,734	-	(55,641,785)
Business-Type Capital Assets, Net	\$ 53,288,792	\$ 6,643,399	\$ -	-	\$ 59,932,191
<i>Discretely Presented Component Unit</i>					
Land	\$ 879,325	\$ 165,975	\$ (532,975)	\$ (86,341)	\$ 425,984
Buildings and Improvements	781,347	-	-	-	781,347
Accumulated Depreciation	(34,853)	(2,707)	-	-	(37,560)
	\$ 1,625,819	\$ 163,268	\$ (532,975)	\$ (86,341)	\$ 1,169,771

Primary Government

Depreciation Expense was charged to the governmental functions as follows:

<i>Governmental Activities:</i>	
General Government	\$ 21,597
Public Safety	864,499
Public Service	1,642,735
Nondepartmental	398,464
Total Governmental Activities	<u>\$ 2,927,295</u>
<i>Business-Type Activities:</i>	
Administration	\$ 6,697
Electric	653,002
Water Production	265,222
Water Distribution	1,337,259
Sewer Plant	362,392
Other	306,249
Total Business-Type Activities	<u>\$ 2,930,821</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE H -- CAPITAL LEASES

The City has entered into a lease agreement to finance the acquisition of fifty (50) golf carts, a mower, street sweeper & tire loader. The City has also financed the acquisition of the Springs Hill Wastewater Collection System through its Utility Fund, with a down payment of \$95,000. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

<i>Assets:</i>	Governmental Activities	Business-Type Activities
Golf Carts	\$ 199,100 *	\$ -
Sweeper & Tire Loader	304,075	-
Wastewater Collection System	-	425,000
Less: Accumulated Depreciation	(46,522)	(222,159)
Total	<u>\$ 456,653</u>	<u>\$ 202,841</u>

* Golf carts are below capitalization threshold and therefore are not depreciated.

Future minimum obligations and the net present value of these minimum lease payments as of September 30, 2015 were as follows:

Year Ending September 30,	Governmental Activities	Business-Type Activities
2016	\$ 145,058	\$ -
2017	80,444	30,000
2018	20,110	35,000
2019	-	35,000
Total Payments	245,612	100,000
Less: Amount Representing Interest	(7,040)	(47,199)
Present Value of Minimum Lease Payments	<u>\$ 238,572</u>	<u>\$ 52,801</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE I -- LONG-TERM DEBT

Bonded debt and obligations payable at September 30, 2015, comprise the following individual issues:

General Obligation Bonds:

\$3,250,000 2006 General Obligation Bonds due in annual installments of \$110,000 to \$230,000 through September 1, 2026; interest at 4.0% to 4.4%	\$ 2,090,000
\$8,105,000 2008 General Obligation Bonds due in annual installments of \$35,000 to \$1,995,000 through September 1, 2028; interest at 3.5% to 5.0%	7,735,000
\$2,884,816 2011 General Obligation Refunding Bonds due in annual installments of \$265,000 to \$550,000 through September 1, 2021; interest at 2.0% to 3.0%	1,802,260
\$4,350,000 2013 General Obligation Refunding Bonds due in annual installments of \$65,000 to \$460,000 through February 1, 2024; interest at 1.51%	3,895,000
\$19,785,000 2014 General Obligation Bonds due in annual installments of \$200,000 to \$4,130,000 through February 1, 2034; interest at 3.0 to 6.0%	19,585,000
\$8,465,000 2014 General Obligation Refunding Bonds due in annual installments of \$100,000 to \$1,170,000 through September 1, 2026; interest at 2.0% - 4.9%	8,365,000
<i>Total General Obligation Bonds</i>	<u>43,472,260</u>

Certificates of Obligation:

\$10,760,000 2010 Certificates of Obligation due in annual installments of \$70,000 to \$2,650,000 through September 1, 2031; interest at 2.0% to 4.25%	10,460,000
\$3,400,000 2011 Certificates of Obligation due in annual installments of \$100,000 to \$290,000 through September 1, 2031; interest at 2.0% to 3.5%	2,450,000
\$2,500,000 2013 Certificates of Obligation due in annual installments of \$100,000 to \$200,000 through September 1, 2028; interest at 2.7%	2,175,000
<i>Total Certificates of Obligation Bonds</i>	<u>15,085,000</u>
Total Governmental Bonded Debt	<u><u>\$ 58,557,260</u></u>

Utility Fund Revenue Bonds:

\$5,500,000 Utility System Revenue, Series 2006, due in annual installments of \$130,000 to \$400,000 through February 1, 2026; interest at 3.7% to 4.375%	\$ 3,595,000
\$3,980,000 Utility System Revenue, Series 2008, due in annual installments of \$165,000 to \$730,000 through February 1, 2024; interest at 3.5% to 5.0%	2,720,000
\$7,835,000 Utility System Revenue, Series 2010, due in annual installments of \$65,000 to \$1,065,000 through February 1, 2031; interest at 2.0% to 4.0%	7,550,000
\$21,405,000 Utility System Revenue, Series 2014, due in annual installments of \$190,000 to \$2,335,000 through February 1, 2037; interest at 3.0% to 5.0%.	21,405,000
<i>Total Utility Revenue Bonds</i>	<u>35,270,000</u>

General Obligation Bonds - Utility Portion

\$1,490,184 2011 General Obligation Refunding Bonds due in annual installments of \$265,000 to \$550,000 through September 1, 2021, Interest at 2.0% to 3.0%	677,740
\$4,350,000 2013 General Obligation Refunding Bonds due in annual installments of \$330,000 to \$650,000 through February 1, 2023; interest at 1.51%	4,155,000
<i>Total GO Refunding Bonds</i>	<u>4,832,740</u>
Total Business-Type Bonded Debt	<u><u>\$ 40,102,740</u></u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE I -- LONG-TERM DEBT (Continued)

The City is required by the revenue bond ordinances to establish certain accounts to maintain and operate the Utility System and to provide for the payment of bond principal and interest. Included in these requirements is maintenance of a "Reserve Fund" for the payment of bond principal and interest when other required accounts are insufficient for that purpose. The Reserve Fund is to contain, at a minimum, an amount equal to the average debt service requirement of all the outstanding Utility System Bonds. The Reserve Fund requirement was met with the purchase of a surety bond. The City is in compliance with other significant requirements. The assets of these restricted accounts are classified in the balance sheet as restricted assets.

The annual requirements to amortize all bonded debt and obligations outstanding as of September 30, 2015, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 2,353,230	\$ 2,122,295	\$ 1,301,771	\$ 1,394,421
2017	2,458,742	2,053,622	1,381,259	1,357,373
2018	2,566,622	1,991,485	1,508,378	1,308,348
2019	2,491,752	1,913,985	1,623,248	1,263,465
2020	2,636,916	1,830,379	1,733,084	1,213,334
2021-2025	13,620,000	7,901,400	8,975,000	5,037,652
2026-2030	16,900,000	5,270,395	8,765,000	3,415,919
2031-2035	15,530,000	4,236,950	10,230,000	1,688,809
2036-2037	-	-	4,585,000	182,763
	<u>\$ 58,557,262</u>	<u>\$ 27,320,511</u>	<u>\$ 40,102,740</u>	<u>\$ 16,862,084</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE I -- LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities

	Balance 10/1/2014	Additions	Reductions	Balance 9/30/2015	Due Within One Year
<u>Governmental Activities</u>					
General Obligation Bonds	\$ 45,060,141	\$ 8,465,000	\$ (10,052,881)	\$ 43,472,260	\$ 1,793,230
Bond Premiums	727,490	352,821	(122,932)	957,379	-
Certificates of Obligation	15,630,000	-	(545,000)	15,085,000	560,000
Tax Anticipation Notes	185,000	-	(185,000)	-	-
Capital Leases	406,658	-	(168,086)	238,572	138,870
Compensated Absences	947,118	631,681	(531,297)	1,047,502	595,062
Net Other Post Employment Benefit Obligations Payable	118,349	64,541	-	182,890	-
Net Pension Liability	-	20,621,452	-	20,621,452	-
<u>Total Governmental Activities</u>	<u>63,074,756</u>	<u>30,135,495</u>	<u>(11,605,196)</u>	<u>81,605,055</u>	<u>3,087,162</u>
<u>Business-Type Activities</u>					
Revenue Bonds	14,395,000	21,405,000	(530,000)	35,270,000	745,000
General Obligation Refunding Bonds	5,379,859	-	(547,119)	4,832,740	556,771
Bond Premiums	139,806	108,523	(22,751)	225,578	-
Capital Leases	70,339	-	(17,538)	52,801	-
Compensated Absences	332,419	237,906	(181,511)	388,814	215,712
Net Other Post Employment Benefit Obligations Payable	43,774	23,872	-	67,646	-
Net Pension Liability	-	6,775,604	-	6,775,604	-
<u>Total Business-Type Activities</u>	<u>20,361,197</u>	<u>28,550,905</u>	<u>(1,298,919)</u>	<u>47,613,183</u>	<u>1,517,483</u>
Total Primary Government	<u>\$ 83,435,953</u>	<u>\$ 58,686,400</u>	<u>\$ (12,904,115)</u>	<u>\$ 129,218,238</u>	<u>\$ 4,604,645</u>

Compensated absences and other postemployment benefit obligation for governmental activities are generally liquidated by the general fund.

General Obligation Refunding Bonds, Series 2014, were issued October 2014 in the amount of \$8,465,000 to advance refund General Obligation Bonds, Series 2005 and 2007. Proceeds from the bonds were placed with an escrow agent solely to repay the debt service related to the refunded obligations. The refunded obligations are considered defeased and are not shown as outstanding on these financial statements. The refunding resulted in gross debt service savings of \$1,031,661, and a present value gain of \$928,762.

Utility System Revenue Bonds, Series 2014, were issued in December 2014 in the amount of \$21,405,000. Proceeds of the bonds are to build a Utility Maintenance Facility and selected infrastructure improvements.

Conduit Debt Obligations

In 1995 the City entered into an agreement with the Texas Department of Housing and Community Affairs (TDHCA) to construct a building on land owned by the City for the purpose of leasing the building to Techni-Quip, Inc., a California manufacturing corporation. Under the agreement, TDHCA provided funding in the form of loans and grants. Repayment of the loan is solely dependent on lease payments from the manufacturing corporation and does not constitute a debt or pledge of the faith and credit of the City.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE I -- LONG-TERM DEBT (Continued)

Conduit Debt Obligations (Continued)

Accordingly, the loan has not been reported in the accompanying financial statements. At September 30, 2015, outstanding conduit debt from this issue was \$16,250.

The City of Seguin has also created a nonprofit education facilities corporation, *The City of Seguin Higher Education Facilities Corporation*, pursuant to Section 53.35 (b) of the Higher Education Authority Act. In March 2004, the Corporation issued the *City of Seguin Higher Education Facilities Corporation Higher Education Revenue and Refunding Bond* (Texas Lutheran University Project), Series 2004, in the aggregate principal amount of \$13,000,000. The bonds were partially refunded in 2014 under the *Olmos Park Higher Education Facilities Corporation*. The remaining outstanding liability issued under *the City of Seguin Higher Education Facilities Corporation* is \$380,000 as of September 30, 2015. The bonds are backed solely by the revenues derived from the University pursuant to the provisions of the Bond Resolution and Loan Agreement between the Corporation and Texas Lutheran University. The City has no obligation associated with the bonds.

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS retirement system

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)

Texas Municipal Retirement System (Continued)

Benefits Provided (Continued)

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>Plan Year 2013</u>	<u>Plan Year 2014</u>
Inactive employees or beneficiaries		
currently receiving benefits	192	205
Inactive employees entitled to but not		
yet receiving benefits	122	122
Active employees	<u>317</u>	<u>334</u>
	<u><u>631</u></u>	<u><u>661</u></u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

For the year ending September 30, 2015, employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.72% and 11.08% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015 were \$2,545,271, and exceeded the required contributions by \$663,221.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3% per year
Salary Increases	3.5% to 12.0%, including inflation
Investment Rate of Return*	7.00%

* Presented net of pension plan investment expense, including inflation

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Texas Municipal Retirement System (Continued)

Actuarial Assumptions (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Health Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used with slight adjustments.

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding the expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.80%
International Equity	17.50%	6.05%
CoreFixed Income	30.00%	1.50%
Non-Core Fixed Income	10.00%	3.50%
Real Return	5.00%	1.75%
Real Estate	10.00%	5.25%
Absolute Return	5.00%	4.25%
Private Equity	5.00%	8.50%
	<u>100.00%</u>	

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Texas Municipal Retirement System (Continued)

Discount Rate

The discount rate used to measure the Total Pension Liability was 7%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2014:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2013:	\$ 83,469,625	\$ 58,306,677	\$ 25,162,948
Changes for the year:			
Service Cost	2,513,154	-	2,513,154
Interest	5,806,091	-	5,806,091
Change of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	337,633	-	337,633
Changes of Assumptions	-	-	-
Contributions - Employer	-	1,992,250	(1,992,250)
Contributions - Employee	-	1,132,877	(1,132,877)
Net Investment Income	-	3,335,330	(3,335,330)
Benefit Payments, Including Refunds of Employee Contributions	(3,564,077)	(3,564,077)	-
Administrative Expense	-	(34,824)	34,824
Other Changes	-	(2,863)	2,863
Net Changes	5,092,801	2,858,693	2,234,108
Balance at December 31, 2014	\$ 88,562,426	\$ 61,165,370	\$ 27,397,056

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	Discount Rate		
	6%	7%	8%
Net Pension Liability (Asset)	\$ 40,613,744	\$ 27,397,056	\$ 16,644,799

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Texas Municipal Retirement System (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the City recognized pension expense of \$2,523,069. Also as of September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 263,501	\$ -
Changes in Actuarial Assumptions	-	-
Differences between Projected and Actual Investment Earnings	596,910	-
Contributions subsequent to the Measurement Date	1,980,504	
	<u>\$ 2,840,915</u>	<u>\$ -</u>

Deferred outflows of resources in the amount of \$1,980,504 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2014. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year ended December 31,	
2015	\$ 223,359
2016	223,359
2017	223,359
2018	190,334
	<u>\$ 860,411</u>

Texas Emergency Services Retirement Fund

Plan Description

The Texas Statewide Emergency Services Retirement Act (TSESRA) was established effective November 1, 1977 under Senate Bill No. 411. It has been amended several times, with the most significant changes in a recodification by the 79th Legislature, Regular Session, 2005. In the recodification, the pension system was renamed the Texas Emergency Services Retirement System (System). In the 2013 Regular Session, the System was made a state agency with an Executive Director hired by the System Board of Trustees. The Texas Emergency Services Retirement Fund (Fund) was created by TSESRA and is a trust fund for providing retirement, disability and death benefits to eligible members and their surviving spouses.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Texas Emergency Services Retirement Fund (Continued)

Plan Description (Continued)

All emergency services personnel who provide services related to fire, rescue and emergency medical services and who serve without monetary remuneration while members in good standing of a participating department are eligible. Financial information for the plan may be obtained by contacting the Texas Emergency Services Retirement System, P.O. Box 12577, Austin, Texas 78711 (www.tesrs.org)

The table below summarizes the pension system membership as of August 31, 2014:

(1) Retirees and beneficiaries currently receiving benefits	2,122
(2) Terminated participants entitled to benefits but not yet receiving them	2,161
(3) Current active participants (vested and nonvested)	4,036
(4) Total Member Volunteers	<u>8,319</u>

The 79th Legislature, Regular Session (2005), recodified the provisions and gave TSESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increased 10% for each of the next five years of service so that a member becomes 100% vested within 15 years of service.

Upon reaching age 55, a vested member may retire and receive a monthly pension equal to his vested percentage multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually.

On and off duty death and on duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump-sum amount and continuing monthly payments to a member's surviving spouse and dependent children.

Funding Policy

No contributions are required by individual members of participating departments. The governing bodies of participating departments are required to contribute at least the minimum prescribed amount per month for each active member and may contribute more. The monthly contribution is composed of two parts. Part One is the legacy portion that directly impacts future retiree annuities and reflects a minimum amount set by the state board. Part Two is the portion that may be required to help amortize the UAAL if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement. If Part Two contributions are needed for the System to have an adequate contribution arrangement, the Part Two contributions are actuarially determined based on the most recent biennial actuarial valuation.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Texas Emergency Services Retirement Fund (Continued)

Contributions Required and Contributions Made

The State shall contribute the amount necessary to make the System "actuarially sound" each year. However the State's contribution may not exceed one-third of the total of all contributions by governing bodies in a particular year. The state law governing the System defines an "actuarially sound pension system" as one in which the amount of contributions is sufficient to cover the normal cost and to amortize the unfunded actuarial accrued liability in a period that does not exceed 30 years.

For the fiscal year ending August 31, 2014, total contributions (Part One and prior service) of \$3,813,926 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,530,343 toward the UAAL.

The purpose of the biennial actuarial valuation is to test the adequacy of the contribution arrangement to determine if it is adequate to pay the benefits that are promised. The actuarial valuation as of August 31, 2014 determined the System has an adequate contribution arrangement, assuming that the state will appropriate (1) the maximum annual contribution in accordance with the state law governing the System and (2) approximately \$625,000 each year to pay for part of the System's administrative expenses

Schedule of Employer Contributions

Fiscal Year Ending	(APC) Annual Pension Cost	Actual Contributions*	Percentage of APC Contributed	City of Seguin Contributions
August 31, 2012	\$ 4,423,898	\$ 3,517,455	80%	\$ 3,924
August 31, 2013	3,024,204	3,024,204	100%	5,016
August 31, 2014	3,001,449	3,001,449	100%	4,407

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Texas Statewide Volunteer Fire Fighters' Relief and Retirement Fund

Notes to Required Supplementary Information

The information presented in the required supplementary information was determined as part of the actuarial valuations at the dates indicated. The actuarial assumptions and methods for the two most recent biennial valuations are shown below.

Valuation Date	August 31, 2014	August 31, 2012
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Dollar, Open	Level Dollar, Open
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value
Actuarial Assumptions:		
Investment Rate of Return*	7.75% per year, net of investment expenses	7.75% per year, net of investment expenses
Projected salary increases	N/A	N/A
*Includes inflation at	3.50%	3.50%
Cost-of-Living adjustments	None	None

The funded status as of August 31, 2014, the most recent valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Rates	Total Members Covered	UAAL Per Member Covered
8/31/2014	\$ 83,761,038	\$ 109,854,799	\$ 26,093,761	76.2%	8,319	\$ 3,137

Additional supplementary three-year trend information is presented as Required Supplementary Information following the notes to the financial statements.

NOTE K -- POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Retiree Health Benefits

Plan Description

In addition to the pension benefits described in Note J, the City administers a single-employer defined benefit healthcare plan for retirees (the Plan), established under legal authority of the City Charter. The City is the only employer participating and contributing to the Plan. The Plan does not issue a publicly available financial report.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE K -- POST EMPLOYMENT BENEFITS OTHER THEN PENSIONS (CONTINUED)

Retiree Health Benefits (Continued)

Plan Description (Continued)

The Plan provides healthcare insurance for eligible retirees (employees hired prior to January 1, 2008, and retire eligible for service retirement from Texas Municipal Retirement System with a retirement date of December 31, 2002 or later) and their dependents. This benefit is based on years of service with the City as follows:

<u>Minimum Years Continuous Service</u>	<u>Minimum Age</u>	<u>% Premium Paid by City</u>
15	57	0%
20	57	50%
25	57	100%

Eligible retirees will continue until the employee becomes Medicare eligible, at which time the employee will have the option to obtain a Medicare supplement or continue on the City's retiree plan at their own expense. Employees hired on or after January 1, 2008 will not receive a City contribution and will be responsible for payment of the actuarially established premium for retiree and dependent coverage.

Retiree premiums are the same as the premiums for active employees. For eligible employees retiring after December 31, 2011, the City will establish premium rates using actuarial methods to determine the appropriate rates by attained age. The City's contribution for a retiree's premium will not exceed the City's standard contribution toward an active employee's premium.

Plan members consist of the following at September 30, 2015:

Retirees and beneficiaries receiving benefits	13
Active Plan Members	<u>52</u>
Total	<u><u>65</u></u>

Annual OPEB Cost and Net OPEB Obligation (Asset)

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The City has elected to calculate the ARC and related information using the projected unit credit actuarial cost method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB asset of the Plan:

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE K -- POST EMPLOYMENT BENEFITS OTHER THEN PENSIONS (CONTINUED)

Retiree Health Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation (Asset) (Continued)

Annual Required Contribution (ARC)	\$ 106,145
Interest on Net OPEB Obligation	6,485
Adjustment to Annual Required Contribution	<u>(7,049)</u>
Annual OPEB Cost (Expense)	105,581
Contributions Made	<u>(17,168)</u>
Increase in Net OPEB Obligation (Asset)	88,413
Net OPEB Obligation (Asset) - Beginning of Year	<u>162,123</u>
Net OPEB Obligation (Asset) - End of Year	<u><u>\$ 250,536</u></u>

The total net OPEB obligation was \$182,890 for governmental activities and \$67,646 for business-type activities. The City's annual OPEB cost, contributions and unfunded liability for the past three years are as follows:

Fiscal Year	Annual OPEB Cost	Contribution Percentage	Net OPEB Obligation
2015	\$ 105,581	16.3%	\$ 250,536
2014	68,966	46.7%	162,163
2013	88,046	55.5%	125,362

Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,027,966. The covered payroll (annual payroll of active employees covered by the Plan) was about \$7,086,680, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 14.5%.

The projected benefit payments for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, will present information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE K -- POST EMPLOYMENT BENEFITS (Continued)

Retiree Health Benefits (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to the point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the projected unit credit using full accrual at full eligibility age actuarial method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.5% initially, reduced by decrements to an ultimate rate of 5.0%. The Plan's unfunded actuarial accrued liability is being amortized over 24 years utilizing the unit credit method. Demographic and other assumptions include mortality rates by age and gender, and termination rates by age and years of service.

Supplemental Death Benefits Plan

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post-employment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure the adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended September 2015, 2014, and 2013 were \$32,552; \$30,298; and \$27,983, respectively, which equaled the required contributions each year.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE L -- INTERFUND TRANSFERS

Interfund transfers during the year ended September 30, 2015, were as follows:

<u>Receiving Fund/Activity</u>	<u>Transferring Fund/Activity</u>	<u>Amount</u>	
General Fund	Nonmajor Special Revenue	\$ 82,252	Reimbursement for Payroll Costs
Debt Service	General Fund	725,000	Support Annual Debt Service
Nonmajor Capital Projects	General Fund	3,349,238	Support Various Capital Projects
Nonmajor Capital Projects	Nonmajor Special Revenue	21,905	Support Utility System Improvements
Utility Fund	Nonmajor Capital Projects	139,012	Support Utility System Improvements
Internal Service Fund	General Fund	39,472	Support Retiree Benefits
Internal Service Fund	Utility Fund	38,863	Support Retiree Benefits
Total Transfers		<u>\$ 4,395,742</u>	

NOTE M -- COMMITMENTS AND CONTINGENCIES

Litigation

The City terminated a contract with Salinas Construction Technologies, Ltd. for delays and noncompliant work. The City notified the contractor and its surety of the claims but ultimately chose to contract with another contractor to complete the work. Salinas has filed claims against the City for unpaid contract balance. The City asserted a counterclaim against Salinas and its surety for sums required to complete the project. Management is of the opinion that any outcome decided adversely to the City would not be material to these financial statements.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE M -- COMMITMENTS AND CONTINGENCIES (CONTINUED)

Construction Commitments

The City has entered into construction and engineering contracts for the improvement of various streets and utility systems, as well as park improvements. Estimated future commitments associated with these contracts as of September 30, 2015 are as follows:

Primary Government	Total	Incurred Thru	Estimated
<u>General Government</u>	<u>Commitments</u>	<u>September 2014</u>	<u>Future</u>
Street & Drainage Improvements	\$ 24,423,168	\$ 11,534,030	\$ 12,889,138
Professional Services	1,500,594	904,536	596,058
	<u>25,923,762</u>	<u>12,438,566</u>	<u>13,485,196</u>
<u>Utility System</u>			
Utility System Improvements	11,241,158	4,103,880	7,137,278
Professional Services (Engineering)	2,234,679	1,321,887	912,792
	<u>13,475,837</u>	<u>5,425,767</u>	<u>8,050,070</u>
 Total Primary Government Commitments	 <u>\$ 39,399,599</u>	 <u>\$ 17,864,333</u>	 <u>\$ 21,535,266</u>
 Component Unit			
Economic Incentives	\$ 58,353	\$ 49,836	\$ 8,517
Professional Services	42,869	17,473	25,396
	<u>\$ 101,222</u>	<u>\$ 67,309</u>	<u>\$ 33,913</u>

Economic Development Agreements

WDW Development, LP Agreement

The City entered into a Chapter 380 Agreement with WBW Land Investments, LP (WBW) which provides that the City shall reimburse WBW for certain public infrastructure improvements out of 50% of the increased tax received from home sales in the residential development project known as the Meadows at Nolte Farms over a period of ten years, beginning one year immediately after the date of initial completion, at a cost not to exceed \$500,000.

Nolte Farms, LLC Agreement

The City entered into a Chapter 380 Agreement with Nolte Farms, LLC which provides that the City will reimburse the LLC 75% of the ad valorem taxes collected on the development for 50% of the costs of development, not to exceed \$8,000,000. The agreement is effective August 20, 2015 and payments are to be made for a term of 15 years beginning January 1, 2016.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE M -- COMMITMENTS AND CONTINGENCIES (Continued)

Development Incentive Agreements

The City has entered into agreements to reimburse certain development costs to support suitable housing development in Seguin. The agreements call for reimbursement of costs for 1,000 feet of line to support not less than 400, nor more than 1,000 homes, and to reimburse the excess costs of a lift station to serve Meadows of Nolte Farms Development.

Commitments under Noncapitalized Leases

Commitments under noncapitalized (operating) leases for copiers provide for future rental payments as of September 30, 2015 as follows:

<u>Year Ending September 30,</u>	<u>Rentals</u>
2016	\$ 31,208
2017	19,485
2018	18,564
2019	14,718
2020	9,720
2021	680
Total	<u>\$ 94,374</u>

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year. Therefore, there were no outstanding encumbrances as of September 30, 2015.

Guadalupe Regional Medical Center

The City of Seguin is contingently liable for 50% of operating deficits produced by Guadalupe Regional Medical Center (GRMC), if any, with Guadalupe County contingently responsible for the remainder. As of September 30, 2014, long-term debt of GRMC consisted of Revenue Bonds in the amount of \$93,365,000. The bonds are secured by revenues of the Medical Center, mortgage insurance issued by FHA and funds held in trust.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE M -- COMMITMENTS AND CONTINGENCIES (Continued)

Guadalupe Regional Medical Center (Continued)

Following is a summary of financial data as reported in the Guadalupe Regional Medical Center's most recent audited financial statements for the year ended September 30, 2014:

Assets:	
Current Assets	\$ 43,961,470
Other Assets	12,214,103
Capital Assets (Net)	94,169,755
Total Assets	<u>150,345,328</u>
Liabilities & Net Assets:	
Current Liabilities	11,059,298
Other Liabilities	89,816,376
Total Liabilities	<u>100,875,674</u>
Net Position	<u>\$ 49,469,654</u>
Operating Revenues:	
Net Revenues from Patient Services	\$ 91,516,515
Other Operating Revenues	2,309,049
Total Operating Revenues	<u>93,825,564</u>
Operating Expenses:	<u>83,174,127</u>
Total Net Operating Income	10,651,437
Nonoperating Revenues and (Expenses)	<u>(2,576,354)</u>
Increase (Decrease) in Net Position	<u>\$ 8,075,083</u>

Schertz/Seguin Local Government Corporation

The City of Seguin is jointly liable, together with the City of Schertz, for operating deficits and long-term debt of the Schertz/Seguin Local Government Corporation (See Note A1). Following is a summary of financial data as reported in the Corporation's most recent audited financial statements dated September 30, 2014:

Assets:	
Current Assets	\$ 11,752,482
Restricted Cash and Cash Equivalents	8,866,401
Property, Plant & Equipment	86,142,663
Other Assets & Deferred Charges	2,081,459
Total Assets	<u>108,843,005</u>
Liabilities & Net Assets:	
Current Liabilities	5,861,643
Revenue Bonds (Less Current Maturities and Unamortized Discounts)	97,459,784
Total Liabilities	<u>103,321,427</u>
Net Position:	
Net Investment in Capital Assets	(5,182,814)
Restricted	3,699,577
Unrestricted	7,004,815
Total Net Position	<u>\$ 5,521,578</u>

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE M -- COMMITMENTS AND CONTINGENCIES (Continued)

Schertz/Seguin Local Government Corporation (Continued)

The Corporation had revenue bonds outstanding in the amount of \$99,745,000 (as of September 30, 2014) to provide funds to build, improve, extend, enlarge and repair the Corporation's utility system, fund a reserve, and pay the costs of bond issuance. The bond resolution pledges intergovernmental contract revenues from the cities of Schertz and Seguin (the participating governments) to bond holders. Under the intergovernmental water supply contract, the participating governments are unconditionally obligated to pay their respective shares of annual contract revenue bond debt service from the operation of their respective utility systems.

The Corporation issued Contract Revenue and Refunding Bonds, Series 2015, in the amount of \$41,720,000 on January 9, 2015, to refund a portion of the 2007 bonds for a savings of \$3,138,272 with a net present value benefit of \$1,975,679.

NOTE N – PLEDGED REVENUE

The Seguin Economic Development Corporation (SEDC) entered into an interlocal cooperative agreement with the City to transfer lawfully available surplus sales and use tax collected on behalf of SEDC to fund a portion of the debt service requirements of the 2011 *Combination Tax and Limited Pledge Revenue Certificates*. SEDC has pledged to transfer, on an annual basis, debt service requirements up to a total cumulative principal amount of \$880,000.

In addition, SEDC entered into an agreement, along with the City, to fund certain improvements to the IH-10 frontage road in an amount not to exceed \$1,250,000. SEDC's portion of the commitment will be funded by a pledge of future sales tax revenue to reimburse the City ½ of the debt service requirements of bonded debt to fund the improvements.

Total contributions to the City in support of debt were \$533,600 for the year ended September 30, 2015.

NOTE O -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2015 were \$269,152 for property and casualty and \$125,921 for workers' compensation coverage.

CITY OF SEGUIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE P – SUBSEQUENT EVENTS

The City issued General Obligation Refunding Bonds, Series 2015, in the amount of \$14,755,000 payable over thirteen years. The Bonds were issued to refund the 2006 and 2008 GO Series and Utility System Bonds for a savings of \$1,608,738 (net present value savings of \$1,422,278). The bonds will be repaid with a combination of ad valorem tax and net revenues from the utility system.

The City issued Certificates of Obligation – Series 2016, in the amount of \$12,350,000 to provide funding for various street improvements, fire truck, animal services facility and sidewalk improvements.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Changes – Defined Benefit Plan - Net Pension Liability and Related Ratios
- Schedule of City Contributions – Defined Benefit Plan
- Schedule of Funding Progress – Texas Emergency Services Retirement Fund
- Schedule of Funding Progress – Other Postemployment Benefits

CITY OF SEGUIN, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(With Comparative Actual Amounts for 2014)

	Budgeted Amounts			Variance With Final Budget -	
	Original	Final	2015 Actual	Positive (Negative)	2014 Actual
REVENUES					
Taxes	\$ 10,798,977	\$ 10,798,977	\$ 11,377,976	\$ 578,999	\$ 10,676,386
Licenses and Permits	512,500	629,375	1,104,009	474,634	585,838
Intergovernmental	829,379	864,652	954,686	90,034	919,670
Charges for Services	5,688,087	5,688,087	5,635,600	(52,487)	5,556,445
Fines and Forfeits	1,379,100	1,379,100	1,728,156	349,056	1,717,511
Interest	12,700	12,700	10,728	(1,972)	13,533
Miscellaneous	747,606	765,606	740,455	(25,151)	685,365
Total Revenues	19,968,349	20,138,497	21,551,610	1,413,113	20,154,748
EXPENDITURES					
GENERAL GOVERNMENT:					
<i>Administration:</i>					
Personnel Services	56,905	56,905	56,375	530	56,954
Contracted Services	900	900	672	228	1,041
Supplies	900	900	612	288	670
Other Services and Charges	26,010	26,010	11,386	14,624	20,770
<i>Total Administration</i>	84,715	84,715	69,045	15,670	79,435
<i>Financial Administration:</i>					
Personnel Services	300,710	300,710	299,097	1,613	291,153
Contracted Services	135,293	135,293	131,723	3,570	122,813
Supplies	11,400	11,400	9,527	1,873	10,135
Other Services and Charges	5,380	5,380	3,089	2,291	4,284
<i>Total Financial Administration</i>	452,783	452,783	443,436	9,347	428,385
<i>City Manager:</i>					
Personnel Services	238,624	239,263	239,263	-	219,836
Contracted Services	1,600	2,018	1,902	116	1,463
Supplies	3,400	3,400	2,757	643	1,587
Other Services and Charges	14,850	13,793	12,475	1,318	11,226
<i>Total City Manager</i>	258,474	258,474	256,397	2,077	234,112
<i>Human Resources:</i>					
Personnel Services	228,558	231,759	231,759	-	214,060
Contracted Services	43,450	55,635	55,635	-	45,175
Supplies	5,250	4,350	4,122	228	4,904
Other Services and Charges	54,625	44,690	44,662	28	40,908
<i>Total Human Resources</i>	\$ 331,883	\$ 336,434	\$ 336,178	\$ 256	\$ 305,047

Continued

CITY OF SEGUIN, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(With Comparative Actual Amounts for 2014)

	Budgeted Amounts			Variance With Final Budget -	
	Original	Final	2015 Actual	Positive (Negative)	2014 Actual
General Government (Cont.):					
<i>Planning and Zoning Office:</i>					
Personnel Services	\$ 759,778	\$ 759,778	\$ 756,477	\$ 3,301	\$ 682,380
Contracted Services	69,800	189,275	82,178	107,097	48,302
Supplies	28,325	24,825	22,211	2,614	25,079
Other Services and Charges	23,400	26,400	13,808	12,592	14,217
<i>Total Planning and Zoning Office</i>	881,303	1,000,278	874,674	125,604	769,978
<i>City Secretary's Office:</i>					
Personnel Services	59,913	59,934	59,778	156	57,805
Contracted Services	3,050	3,412	3,312	100	1,911
Supplies	2,850	2,850	2,339	511	1,861
Other Services and Charges	43,950	43,567	29,799	13,768	31,115
<i>Total City Secretary's Office</i>	109,763	109,763	95,228	14,535	92,692
<i>Information Technology</i>					
Personnel Services	186,940	186,940	164,128	22,812	137,380
Contracted Services	160,131	160,056	133,005	27,051	125,591
Supplies	800	825	815	10	599
Other Services and Charges	2,087	2,137	2,121	16	2,582
<i>Total Information Technology</i>	349,958	349,958	300,069	49,889	266,152
<i>City Attorney:</i>					
Personal Services	78,720	78,840	78,523	317	72,644
Contracted Services	5,450	5,330	2,727	2,603	690
Supplies	225	225	21	204	89
Other Services and Charges	2,330	2,330	1,684	646	1,773
<i>Total City Attorney:</i>	86,725	86,725	82,955	3,770	75,196
<i>Facilities and Grounds:</i>					
Personnel Services	184,374	184,374	130,146	54,228	153,567
Contracted Services	60,150	60,650	56,118	4,532	49,367
Supplies	8,390	8,390	7,363	1,027	7,573
Other Services and Charges	2,500	2,000	870	1,130	684
<i>Total Facilities and Grounds</i>	255,414	255,414	194,497	60,917	211,191
Total General Government	\$ 2,811,018	\$ 2,934,544	\$ 2,652,479	\$ 282,065	\$ 2,462,188

Continued

CITY OF SEGUIN, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(With Comparative Actual Amounts for 2014)

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)	2014 Actual
	Original	Final	2015 Actual		
Public Safety:					
<i>Police:</i>					
Personnel Services	\$ 6,024,526	\$ 6,024,526	\$ 5,813,583	\$ 210,943	\$ 5,446,669
Contracted Services	162,300	162,800	140,941	21,859	137,333
Supplies	102,017	100,217	79,420	20,797	85,713
Other Services and Charges	233,500	234,800	199,783	35,017	236,121
<i>Total Police</i>	<u>6,522,343</u>	<u>6,522,343</u>	<u>6,233,727</u>	<u>288,616</u>	<u>5,905,836</u>
<i>Fire/EMS:</i>					
Personnel Services	4,534,660	4,534,660	4,335,922	198,738	4,084,376
Contracted Services	315,200	352,200	343,893	8,307	258,278
Supplies	175,100	174,100	167,865	6,235	156,878
Other Services and Charges	110,640	100,357	91,645	8,712	90,154
<i>Total Fire/EMS</i>	<u>5,135,600</u>	<u>5,161,317</u>	<u>4,939,325</u>	<u>221,992</u>	<u>4,589,686</u>
<i>Municipal Court:</i>					
Personnel Services	257,864	257,864	251,237	6,627	240,824
Contracted Services	61,370	61,375	60,770	605	59,582
Supplies	10,235	10,230	10,044	186	9,051
Other Services and Charges	5,600	5,600	3,737	1,863	2,219
<i>Total Municipal Court</i>	<u>335,069</u>	<u>335,069</u>	<u>325,788</u>	<u>9,281</u>	<u>311,676</u>
<i>Animal Control:</i>					
Personnel Services	292,573	292,573	278,624	13,949	217,496
Contracted Services	17,100	19,100	16,252	2,848	12,239
Supplies	64,910	62,910	47,075	15,835	56,128
Other Services and Charges	9,400	9,400	6,751	2,649	6,622
<i>Total Animal Control</i>	<u>383,983</u>	<u>383,983</u>	<u>348,702</u>	<u>35,281</u>	<u>292,485</u>
Total Public Safety	<u>12,376,995</u>	<u>12,402,712</u>	<u>11,847,542</u>	<u>555,170</u>	<u>11,099,683</u>
Public Service:					
<i>Public Works:</i>					
Personnel Services	1,454,283	1,399,121	1,399,122	(1)	1,249,668
Contracted Services	1,866,075	1,944,715	1,862,350	82,365	1,769,715
Supplies	55,475	59,075	45,995	13,080	29,978
Other Services and Charges	136,100	115,022	107,143	7,879	91,960
<i>Total Public Works</i>	<u>\$ 3,511,933</u>	<u>\$ 3,517,933</u>	<u>\$ 3,414,610</u>	<u>\$ 103,323</u>	<u>\$ 3,141,321</u>

Continued

CITY OF SEGUIN, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(With Comparative Actual Amounts for 2014)

	Budgeted Amounts			Variance With	
	Original	Final	2015 Actual	Final Budget - Positive (Negative)	2014 Actual
Public Service: (Cont.)					
<i>Vehicle Maintenance:</i>					
Personnel Services	\$ 204,830	\$ 202,975	\$ 194,090	\$ 8,885	\$ 185,720
Contracted Services	24,800	25,850	25,797	53	22,073
Supplies	11,970	14,775	13,772	1,003	11,518
Other Services and Charges	9,300	7,300	3,176	4,124	5,321
<i>Total Vehicle Maintenance</i>	250,900	250,900	236,835	14,065	224,632
<i>Library:</i>					
Personnel Services	491,883	507,889	490,252	17,637	451,644
Contracted Services	55,190	55,150	52,075	3,075	47,633
Supplies	100,500	122,370	113,386	8,984	99,148
Other Services and Charges	7,375	8,515	7,950	565	7,617
<i>Total Library</i>	654,948	693,924	663,663	30,261	606,042
<i>Parks and Recreation:</i>					
Personnel Services	1,155,103	1,145,576	1,078,306	67,270	988,405
Contracted Services	159,800	158,125	153,732	4,393	113,412
Supplies	102,200	115,900	93,542	22,358	126,198
Other Services and Charges	33,430	30,932	25,288	5,644	24,906
<i>Total Parks and Recreation</i>	1,450,533	1,450,533	1,350,868	99,665	1,252,921
<i>Golf Course:</i>					
Personnel Services	503,054	500,632	493,731	6,901	469,141
Contracted Services	67,150	73,412	71,340	2,072	61,334
Supplies	44,650	44,650	42,243	2,407	39,084
Other Services and Charges	71,800	67,960	60,488	7,472	84,173
<i>Total Golf Course</i>	686,654	686,654	667,802	18,852	653,732
<i>Downtown & Main St. Programs:</i>					
Personnel Services	145,982	145,982	144,451	1,531	159,390
Contracted Services	6,800	6,800	6,659	141	6,012
Supplies	1,250	7,681	7,646	35	7,142
Other Services and Charges	38,300	38,455	30,863	7,592	36,278
<i>Total Downtown & Main St. Programs</i>	192,332	198,918	189,619	9,299	208,822
Total Public Service	\$ 6,747,300	\$ 6,798,862	\$ 6,523,397	\$ 275,465	\$ 6,087,470

Continued

CITY OF SEGUIN, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(With Comparative Actual Amounts for 2014)

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)	2014 Actual
	Original	Final	2015 Actual		
Nondepartmental:					
Contracted Services	\$ 138,290	\$ 137,520	\$ 129,367	\$ 8,153	\$ 243,664
Building and Auto Insurance	125,000	124,300	78,060	46,240	128,122
Unemployment Insurance	15,000	15,000	6,453	8,547	24,572
Contributions - Civic Organizations	1,421,058	1,421,058	1,421,058	-	1,385,492
Other Services and Charges	143,000	225,540	56,202	169,338	45,456
Total Nondepartmental	1,842,348	1,923,418	1,691,140	232,278	1,827,306
Capital Outlay	-	165,000	-	165,000	-
Indirect Cost					
Recovery - Utility Fund	(3,700,000)	(3,700,000)	(4,190,324)	490,324	(3,848,566)
Total Expenditures	20,077,661	20,524,536	18,524,234	2,000,302	17,628,081
Excess (Deficiency) of Revenues Over (Under) Expenditures	(109,312)	(386,039)	3,027,376	3,413,415	2,526,667
OTHER FINANCING SOURCES (USES)					
Transfers In	70,000	70,000	82,252	12,252	48,905
Transfers (Out)	(2,007,026)	(3,073,710)	(4,113,710)	(1,040,000)	(3,528,207)
Total Other Financing Sources (Uses)	(1,937,026)	(3,003,710)	(4,031,458)	(1,027,748)	(3,479,302)
Net Change in Fund Balance	(2,046,338)	(3,389,749)	(1,004,082)	2,385,667	(952,635)
Fund Balance at Beginning of Year	18,994,361	18,994,361	18,994,361	-	19,946,996
Fund Balance at End of Year	\$ 16,948,023	\$ 15,604,612	\$ 17,990,279	\$ 2,385,667	\$ 18,994,361

CITY OF SEGUIN, TEXAS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
SEPTEMBER 30, 2014

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are funds which have legally adopted annual budgets: General Fund, Debt Service Fund, Occupancy Tax (Special Revenue) Fund, Coliseum (Special Revenue) Fund, Aquatic Center (Special Revenue) Fund, Convention & Visitor's Bureau (Special Revenue Fund), Sebastopol House (Special Revenue) Fund, Police Donations (Special Revenue) Fund, PEG Capital Fees (Special Revenue) Fund, and Library Development (Special Revenue) Fund. Project – length financial plans are adopted for the Capital Projects Funds.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

CITY OF SEGUIN, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
LAST YEAR

Total Pension Liability	
	2014
Service Cost	\$ 2,513,154
Interest (on the Total Pension Liability)	5,806,091
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	337,633
Change of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(3,564,077)
Net Change in Total Pension Liability	5,092,801
Total Pension Liability - Beginning	83,469,625
Total Pension Liability - Ending	\$ 88,562,426
Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,992,250
Contributions - Employee	1,132,877
Net Investment Income	3,335,330
Benefit Payments, Including Refunds of Employee Contributions	(3,564,077)
Administrative Expense	(34,824)
Other	(2,863)
Net Change in Plan Fiduciary Net Position	2,858,693
Plan Fiduciary Net Position - Beginning	58,306,677
Net Pension Liability - Ending	\$ 61,165,370
Net Pension Liability (Asset) - Ending	\$ 27,397,056
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.06%
Covered Employee Payroll	\$ 16,183,951
Net Pension Liability as a Percentage of Covered Employee Payroll	169.29%

GASB 68 Pension Information is being applied prospectively. 10-year historical trend information will be developed beginning with 2015

CITY OF SEGUIN, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
LAST FISCAL YEAR

Schedule of Contributions:	2014
Actuarially Determined Contribution	\$ 1,882,050
Contributions in Relation to the Actuarially Determined Contribution	2,545,271
Contribution Deficiency (Excess)	\$ (663,221)
Covered Employee Payroll	\$ 17,132,808
Contribution as a Percentage of Covered Employee Payroll	14.86%

Valuation Date

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen (13) months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 Years
Asset Valuation Method	10 Year Smoothed Market, 15% Soft Corridor
Inflation	3.00%
Salary Increases	3.50 to 12.00%
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
Mortality	RP2000 Combined Mortality Table with blue Collar Adjustment; male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

CITY OF SEGUIN, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS EMERGENCY SERVICES RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS *
LAST THREE ACTUARIAL VALUATIONS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Total Member Volunteers Covered	UAAL Per Member Covered
	[a]	[b]	[b]-[a]	[a/b]	[c]	[d]
8/31/2010	\$ 64,113,803	\$ 81,264,230	\$ 17,150,427	78.9%	8,644	\$ 1,984
8/31/2012	67,987,487	101,856,042	33,868,555	66.7%	9,448	3,585
8/31/2014	83,761,038	109,854,799	26,093,761	76.2%	8,319	3,137

* Represents funding progress of the Texas Emergency Services Retirement Fund as a whole. Separate funding information for individual participating governments is not provided.

CITY OF SEGUIN, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
RETIREE INSURANCE
SCHEDULE OF FUNDING PROGRESS
LAST THREE ACTUARIAL VALUATIONS

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
4/30/2010	\$ -	\$ 1,161,466	\$ 1,161,466	0%	\$ 13,172,581	8.8%
4/30/2012	-	1,405,548	1,405,548	0%	7,036,484	20.0%
4/30/2014	-	1,027,966	1,027,966	0%	7,086,680	14.5%

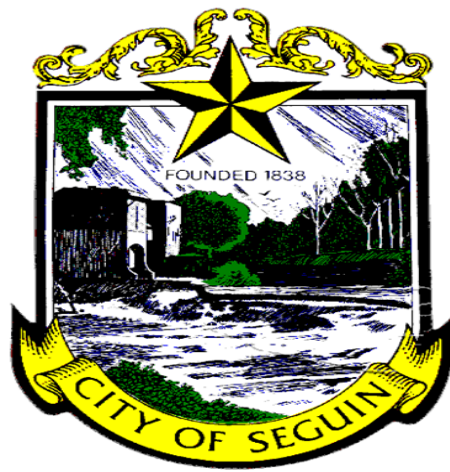


SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Statements – General Fund
- Statement of Revenues, Expenditures & Changes in Fund Balance – Budget and Actual – Debt Service Fund
- Combining Statements – Nonmajor Governmental Funds
 - *Combining Statements – Nonmajor Special Revenue Funds*
 - *Combining Statements – Nonmajor Capital Projects Funds*
 - *Budgetary Statements*
- Comparative Statements – Enterprise (Utility) Fund
- Combining Statements – Internal Service (Insurance) Funds
- Combining Statements – Fiduciary (Private Purpose Trust) Funds
- Statement of Changes in Assets & Liabilities – Agency Fund



CITY OF SEGUIN, TEXAS
COMPARATIVE BALANCE SHEETS
GENERAL FUND
SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,096,909	\$ 333,686
Investments	17,316,881	19,238,856
Receivables:		
Taxes	1,642,438	1,564,542
Accounts	921,557	960,630
Grants	63,033	50,085
Miscellaneous	79,840	29,030
Inventory of Supplies	22,292	18,169
Prepaid Items	76,406	52,217
Total Assets	<u><u>\$ 21,219,356</u></u>	<u><u>\$ 22,247,215</u></u>
LIABILITIES		
Accounts Payable	\$ 669,107	\$ 668,798
Accrued Expenditures	976,627	983,465
Due to Component Unit	211,399	195,904
Unearned Revenue	240,808	256,531
Due to Others	37,185	31,390
Total Liabilities	<u><u>2,135,126</u></u>	<u><u>2,136,088</u></u>
Deferred Inflows of Resources		
Unavailable Revenue	1,093,951	1,116,766
Total Deferred Inflows of Resources	<u><u>1,093,951</u></u>	<u><u>1,116,766</u></u>
Fund Balance:		
Nonspendable	98,698	70,386
Restricted - Tree Mitigation Fees	25,300	20,100
Committed - Stabilization Arrangement	2,167,774	2,165,441
Assigned	126,887	151,582
Unassigned	15,571,620	16,586,852
Total Fund Balance	<u><u>17,990,279</u></u>	<u><u>18,994,361</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u><u>\$ 21,219,356</u></u>	<u><u>\$ 22,247,215</u></u>

CITY OF SEGUIN, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

REVENUES	2015	2014
Taxes	\$ 11,377,976	\$ 10,676,386
Licenses and Permits	1,104,009	585,838
Intergovernmental	954,686	919,670
Charges for Services	5,635,600	5,556,445
Fines and Forfeits	1,728,156	1,717,511
Interest	10,728	13,533
Miscellaneous	740,455	685,365
Total Revenues	21,551,610	20,154,748
EXPENDITURES		
<i>Current:</i>		
General Government	2,652,479	2,462,188
Public Safety	11,847,542	11,099,683
Public Service	6,523,397	6,087,470
Nondepartmental	1,691,140	1,827,306
Indirect Cost Allocation (Recovery)	(4,190,324)	(3,848,566)
Total Expenditures	18,524,234	17,628,081
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,027,376	2,526,667
OTHER FINANCING SOURCES (USES)		
Transfers In	82,252	48,905
Transfers (Out)	(4,113,710)	(3,528,207)
Total Other Financing Sources (Uses)	(4,031,458)	(3,479,302)
Net Change in Fund Balance	(1,004,082)	(952,635)
Fund Balance at Beginning of Year	18,994,361	19,946,996
Fund Balance at End of Year	\$ 17,990,279	\$ 18,994,361

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(with Comparative Actual Amounts for 2014)

	Final Budgeted Amounts	2015	Variance Favorable (Unfavorable)	2014
REVENUES				
Taxes	3,037,262	\$ 3,226,732	\$ 189,470	\$ 2,987,561
Intergovernmental	533,600	533,600	-	532,825
Interest	750	1,477	727	966
Total Revenues	<u>3,571,612</u>	<u>3,761,809</u>	<u>190,197</u>	<u>3,521,352</u>
EXPENDITURES				
Debt Service:				
Principal	2,512,881	2,512,881	-	2,162,286
Interest and Fiscal Charges	2,233,731	2,152,551	81,180	1,996,353
Bond Issue Costs	-	193,604	(193,604)	-
Total Expenditures	<u>4,746,612</u>	<u>4,859,036</u>	<u>(112,424)</u>	<u>4,158,639</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,175,000)</u>	<u>(1,097,227)</u>	<u>77,773</u>	<u>(637,287)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	725,000	725,000	-	773,000
Refunding Bonds Issued	-	8,465,000	8,465,000	-
Premiums on Issuance of Bonds	-	352,821	352,821	-
Payments to Refunding Agent	-	(8,624,217)	(8,624,217)	-
Total Other Financing Sources (Uses)	<u>725,000</u>	<u>918,604</u>	<u>193,604</u>	<u>773,000</u>
Net Change in Fund Balance	<u>(450,000)</u>	<u>(178,623)</u>	<u>271,377</u>	<u>135,713</u>
FUND BALANCE, OCTOBER 1	<u>1,645,809</u>	<u>1,645,809</u>	<u>-</u>	<u>1,510,096</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 1,195,809</u>	<u>\$ 1,467,186</u>	<u>\$ 271,377</u>	<u>\$ 1,645,809</u>

CITY OF SEGUIN, TEXAS
COMBINING FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Occupancy Tax Fund – To account for the Occupancy Tax revenues paid the City and restricted by State Law. The revenues provide for contributions to various civic organizations. In addition, certain occupancy tax proceeds are designated for specific uses and are reflected in separate special revenue funds.

Coliseum Fund – To account for occupancy tax and revenues earned by the coliseum that provide for the operations and maintenance of the coliseum.

Aquatic Center Fund – To account for the revenues earned by the Aquatic Center committed for the operations and maintenance of the Aquatic Center.

Municipal Court Security – To account for revenues from court fines restricted to improving municipal court security.

Municipal Court Technology – To account for revenues from court fines restricted to improving court technology.

Civil Forfeiture Seizure Fund - To account for revenues under local civil cases that allow confiscation of money and property. Seizures are to be spent on law enforcement.

Federal Forfeiture Fund – To account for revenues under federal laws that allow confiscation of money and property seized during enforcement of controlled substance laws. Revenues are accounted for under federal laws and related agreements.

State Forfeiture Fund – To account for revenues under state laws that allow confiscation of money and property seized during enforcement of controlled substance laws. Revenues are accounted for under state laws and related agreements.

D.A.R.E. Fund – Established in fiscal 1995 to account for donations received for the D.A.R.E. program.

Juvenile Case Manager Fund – To account for fees assessed and restricted to support a case manager for juvenile offenders.

Convention & Visitors Bureau – To account for occupancy tax revenues restricted for specific purposes by state law.

CVB Building Fund – Established to receive a portion of the Occupancy Tax Revenue to support a future building site for the Convention and Visitors Bureau.

Sebastopol House – To account for occupancy tax revenues restricted for specific purposes by state law. The Sebastopol House is a registered historic landmark.

Police Department Donations – To account for contributions restricted to the City Police Department.

PEG Capital Fees – To account for fees collected and remitted to the city with cable franchise fees to support government-access cable broadcasting.

Library Development Fund – To account for contributions restricted to library enhancement.

CITY OF SEGUIN, TEXAS
COMBINING FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

CAPITAL PROJECTS FUNDS

The Capital Projects funds are used to account for proceeds from bond issues and other resources specifically assigned for capital expenditures.

CITY OF SEGUIN, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2015

	Combined Special Revenue	Combined Capital Projects	Total
ASSETS			
Cash and Cash Equivalents	\$ 206,185	\$ 119,801	\$ 325,986
Investments	1,547,080	4,223,581	5,770,661
Receivables (net of allowances for uncollectibles):			
Taxes	205,334	-	205,334
Accounts	850	41,216	42,066
Prepaid Items	15,570	-	15,570
Restricted Assets:			
Cash and Cash Equivalents	-	163,369	163,369
Investments	-	1,664,387	1,664,387
Total Assets	<u>\$ 1,975,019</u>	<u>\$ 6,212,354</u>	<u>\$ 8,187,373</u>
LIABILITIES AND FUND BALANCE			
<i>Liabilities:</i>			
Accounts Payable	\$ 28,680	\$ 318,914	\$ 347,594
Accrued Expenditures	10,697	-	10,697
Unearned Revenues	5,050	22,115	27,165
Due to Others	36,554	-	36,554
Total Liabilities	<u>80,981</u>	<u>341,029</u>	<u>422,010</u>
<i>Fund Balance:</i>			
Nonspendable:			
Prepays	15,570	-	15,570
Restricted			
Tourism & Economic Development	1,208,279	-	1,208,279
Public Safety	446,355	-	446,355
Public Service	199,626	-	199,626
Capital Projects	-	1,803,938	1,803,938
Committed	24,208	-	24,208
Assigned	-	4,067,387	4,067,387
Total Fund Balance	<u>1,894,038</u>	<u>5,871,325</u>	<u>7,765,363</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,975,019</u>	<u>\$ 6,212,354</u>	<u>\$ 8,187,373</u>

CITY OF SEGUIN, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
SEPTEMBER 30, 2015

REVENUES	Combined Special Revenue	Combined Capital Projects	Total
Taxes	\$ 832,550	\$ -	\$ 832,550
Licenses and Permits	-	138,930	138,930
Intergovernmental	48,131	1,852,640	1,900,771
Charges for Services	164,986	45,429	210,415
Fines and Forfeits	171,820	-	171,820
Interest	(1,105)	5,492	4,387
Miscellaneous	21,891	217,317	239,208
Total Revenues	<u>1,238,273</u>	<u>2,259,808</u>	<u>3,498,081</u>
EXPENDITURES			
Current:			
General Government	660,656	156,755	817,411
Nondepartmental	356,486	-	356,486
Capital Outlay	-	4,961,647	4,961,647
Debt Service:			
Principal	-	168,086	168,086
Interest & Fiscal Charges	-	11,661	11,661
Total Expenditures	<u>1,017,142</u>	<u>5,298,149</u>	<u>6,315,291</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>221,131</u>	<u>(3,038,341)</u>	<u>(2,817,210)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	3,371,143	3,371,143
Transfers Out	(104,157)	(139,012)	(243,169)
Total Other Financing Sources (Uses)	<u>(104,157)</u>	<u>3,232,131</u>	<u>3,127,974</u>
Net Change in Fund Balances	116,974	193,790	310,764
FUND BALANCE, OCTOBER 1	<u>1,777,064</u>	<u>5,677,535</u>	<u>7,454,599</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 1,894,038</u>	<u>\$ 5,871,325</u>	<u>\$ 7,765,363</u>

CITY OF SEGUIN, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2015

	Occupancy Tax Fund	Coliseum Fund	Acquatic Center Fund	Municipal Court Security Fund
ASSETS				
Cash and Cash Equivalents	\$ 134,404	\$ 741	\$ 698	\$ 226
Investments	556,789	141,213	23,510	47,712
Receivables (net of allowances for uncollectibles):				
Accounts	-	-	-	-
Taxes	195,576	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u><u>\$ 886,769</u></u>	<u><u>\$ 141,954</u></u>	<u><u>\$ 24,208</u></u>	<u><u>\$ 47,938</u></u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ 8	\$ 2,201	\$ -	\$ 5,056
Accrued Expenditures	-	1,650	-	902
Due to Others	-	36,554	-	-
Unearned Revenue	-	-	-	-
Total Liabilities	<u><u>8</u></u>	<u><u>40,405</u></u>	<u><u>-</u></u>	<u><u>5,958</u></u>
<i>Fund Balance:</i>				
Nonspendable				
Prepays	-	-	-	-
Restricted				
Promoting Tourism & Economic Development	886,761	101,549	-	-
Public Safety	-	-	-	41,980
Public Service	-	-	-	-
Committed	-	-	24,208	-
Total Fund Balance	<u><u>886,761</u></u>	<u><u>101,549</u></u>	<u><u>24,208</u></u>	<u><u>41,980</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 886,769</u></u>	<u><u>\$ 141,954</u></u>	<u><u>\$ 24,208</u></u>	<u><u>\$ 47,938</u></u>

<u>Municipal Court Technology</u>	<u>Civil Forfeiture Seizure Fund</u>	<u>Federal Forfeiture Seizure Fund</u>	<u>State Forfeiture Seizure Fund</u>	<u>DARE Program Fund</u>
\$ 5,836	\$ 6,307	\$ 46	\$ 16,788	\$ 22,668
43,710	9,515	71,770	71,883	107,861
-	-	-	-	-
-	-	-	-	-
15,570	-	-	-	-
<u>\$ 65,116</u>	<u>\$ 15,822</u>	<u>\$ 71,816</u>	<u>\$ 88,671</u>	<u>\$ 130,529</u>
\$ 39	\$ -	\$ -	\$ 2,057	\$ 157
-	-	-	-	-
-	-	-	-	-
<u>39</u>	<u>-</u>	<u>-</u>	<u>2,057</u>	<u>157</u>
15,570	-	-	-	-
-	-	-	-	-
49,507	15,822	71,816	86,614	130,372
-	-	-	-	-
-	-	-	-	-
<u>65,077</u>	<u>15,822</u>	<u>71,816</u>	<u>86,614</u>	<u>130,372</u>
<u>\$ 65,116</u>	<u>\$ 15,822</u>	<u>\$ 71,816</u>	<u>\$ 88,671</u>	<u>\$ 130,529</u>

CITY OF SEGUIN, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2015

	Juvenile Case Manager	Convention & Visitors Bureau Fund	CVB Building Fund	Sebastopol House
ASSETS				
Cash and Cash Equivalents	\$ 7,693	\$ 5,430	\$ -	\$ -
Investments	9,113	180,461	36,296	2,829
Receivables (net of allowances for uncollectibles):				
Accounts	-	-	-	850
Taxes	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 16,806</u>	<u>\$ 185,891</u>	<u>\$ 36,296</u>	<u>\$ 3,679</u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ -	\$ 12,912	\$ -	\$ 591
Accrued Expenditures	-	6,083	-	2,062
Due to Others	-	-	-	-
Unearned Revenue	-	-	-	1,055
Total Liabilities	<u>-</u>	<u>18,995</u>	<u>-</u>	<u>3,708</u>
<i>Fund Balance:</i>				
Nonspendable				
Prepays	-	-	-	-
Restricted				
Promoting Tourism & Economic Development	16,806	166,896	36,296	(29)
Public Safety	-	-	-	-
Public Service	-	-	-	-
Committed	-	-	-	-
Total Fund Balance	<u>16,806</u>	<u>166,896</u>	<u>36,296</u>	<u>(29)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 16,806</u>	<u>\$ 185,891</u>	<u>\$ 36,296</u>	<u>\$ 3,679</u>

Police Department Donations	PEG Capital Fees	Library Development Fund	Totals
\$ 338	\$ 4,826	\$ 184	\$ 206,185
57,986	59,392	127,040	1,547,080
-	-	-	850
-	9,758	-	205,334
-	-	-	15,570
<u>\$ 58,324</u>	<u>\$ 73,976</u>	<u>\$ 127,224</u>	<u>\$ 1,975,019</u>

\$ 4,085	\$ 1,574	\$ -	\$ 28,680
-	-	-	10,697
-	-	-	36,554
3,995	-	-	5,050
<u>8,080</u>	<u>1,574</u>	<u>-</u>	<u>80,981</u>

-	-	-	15,570
-	-	-	1,208,279
50,244	-	-	446,355
-	72,402	127,224	199,626
-	-	-	24,208
<u>50,244</u>	<u>72,402</u>	<u>127,224</u>	<u>1,894,038</u>
<u>\$ 58,324</u>	<u>\$ 73,976</u>	<u>\$ 127,224</u>	<u>1,975,019</u>

CITY OF SEGUIN, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Occupancy Tax Fund	Coliseum Fund	Aquatic Center Fund	Municipal Court Security Fund
REVENUES				
Taxes	\$ 218,715	\$ 188,500	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for Services	-	70,784	94,202	-
Fines and Forfeits	-	-	-	30,998
Interest	(1,022)	58	(36)	(1)
Miscellaneous	-	105	-	-
Total Revenues	<u>217,693</u>	<u>259,447</u>	<u>94,166</u>	<u>30,997</u>
EXPENDITURES				
Current:				
General Government	103,080	281,527	94,150	-
Economic Development	-	-	-	-
Nondepartmental	-	-	-	70,509
Total Expenditures	<u>103,080</u>	<u>281,527</u>	<u>94,150</u>	<u>70,509</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	114,613	(22,080)	16	(39,512)
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	<u>(21,905)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(21,905)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	92,708	(22,080)	16	(39,512)
FUND BALANCE, OCTOBER 1	<u>794,053</u>	<u>123,629</u>	<u>24,192</u>	<u>81,492</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 886,761</u></u>	<u><u>\$ 101,549</u></u>	<u><u>\$ 24,208</u></u>	<u><u>\$ 41,980</u></u>

<u>Municipal Court Technology</u>	<u>Civil Forfeiture Seizure Fund</u>	<u>Federal Forfeiture Seizure Fund</u>	<u>State Forfeiture Seizure Fund</u>	<u>DARE Program Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	45,625
-	-	-	-	-
41,379	6,010	9,215	24,285	-
(58)	(41)	23	(86)	(127)
-	-	-	6,600	-
<u>41,321</u>	<u>5,969</u>	<u>9,238</u>	<u>30,799</u>	<u>45,498</u>
18,802	-	18,509	5,054	24,940
-	-	-	-	-
9,271	-	-	-	-
<u>28,073</u>	<u>-</u>	<u>18,509</u>	<u>5,054</u>	<u>24,940</u>
13,248	5,969	(9,271)	25,745	20,558
-	-	-	-	(30,000)
-	-	-	-	(30,000)
13,248	5,969	(9,271)	25,745	(9,442)
<u>51,829</u>	<u>9,853</u>	<u>81,087</u>	<u>60,869</u>	<u>139,814</u>
<u>\$ 65,077</u>	<u>\$ 15,822</u>	<u>\$ 71,816</u>	<u>\$ 86,614</u>	<u>\$ 130,372</u>

CITY OF SEGUIN, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Juvenile Case Manager	Convention & Visitors Bureau Fund	CVB Building Fund	Sebastopol House
REVENUES				
Taxes	\$ -	\$ 315,085	\$ 16,415	\$ 54,068
Intergovernmental	-	-	-	2,506
Charges for Services	-	-	-	-
Fines and Forfeits	59,933	-	-	-
Interest	(5)	91	24	(1)
Miscellaneous	-	4,984	-	10,200
Total Revenues	<u>59,928</u>	<u>320,160</u>	<u>16,439</u>	<u>66,773</u>
EXPENDITURES				
Current:				
General Government	478	-	-	71,781
Economic Development	-	276,706	-	-
Nondepartmental	-	-	-	-
Total Expenditures	<u>478</u>	<u>276,706</u>	<u>-</u>	<u>71,781</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	59,450	43,454	16,439	(5,008)
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	<u>(52,252)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(52,252)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	7,198	43,454	16,439	(5,008)
FUND BALANCE, OCTOBER 1	<u>9,608</u>	<u>123,442</u>	<u>19,857</u>	<u>4,979</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 16,806</u>	<u>\$ 166,896</u>	<u>\$ 36,296</u>	<u>\$ (29)</u>

Police Department Donations	PEG Capital Fees	Library Development Fund	Totals
\$ -	\$ 39,767	\$ -	\$ 832,550
-	-	-	48,131
-	-	-	164,986
-	-	-	171,820
22	(11)	65	(1,105)
-	2	-	21,891
<u>22</u>	<u>39,758</u>	<u>65</u>	<u>1,238,273</u>
2,080	40,255	-	660,656
-	-	-	276,706
-	-	-	79,780
<u>2,080</u>	<u>40,255</u>	<u>-</u>	<u>1,017,142</u>
(2,058)	(497)	65	221,131
-	-	-	(104,157)
-	-	-	(104,157)
(2,058)	(497)	65	116,974
<u>52,302</u>	<u>72,899</u>	<u>127,159</u>	<u>1,777,064</u>
<u>\$ 50,244</u>	<u>\$ 72,402</u>	<u>\$ 127,224</u>	<u>\$ 1,894,038</u>

CITY OF SEGUIN, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2015

	General Fund Capital Projects	2008 General Obligation Bonds	Golf Course Capital Projects	2013 Certificates of Obligation
ASSETS				
Cash and Cash Equivalents	\$ 10,061	\$ -	\$ 14,785	\$ -
Investments	3,958,395	-	103,107	-
Receivables, Net	39,591	-	-	-
Restricted Cash and Investments	-	470	-	162,056
Restricted Cash and Investments	-	179,023	-	235,244
Total Assets	<u>\$ 4,008,047</u>	<u>\$ 179,493</u>	<u>\$ 117,892</u>	<u>\$ 397,300</u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ 82,734	\$ 560	\$ (33)	107,797
Unearned Revenue	-	-	500	-
Total Liabilities	<u>82,734</u>	<u>560</u>	<u>467</u>	<u>107,797</u>
<i>Fund Balances:</i>				
Restricted for Capital Projects	-	178,933	-	289,503
Assigned to Capital Projects	3,925,313	-	117,425	-
Total Fund Balance	<u>3,925,313</u>	<u>178,933</u>	<u>117,425</u>	<u>289,503</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,008,047</u>	<u>\$ 179,493</u>	<u>\$ 117,892</u>	<u>\$ 397,300</u>

2011 Bond Fund	Miscellaneous Projects Fund	Total
\$ -	\$ 94,955	\$ 119,801
-	162,079	4,223,581
-	1,625	41,216
843	-	163,369
1,250,120	-	1,664,387
<u>\$ 1,250,963</u>	<u>\$ 258,659</u>	<u>\$ 6,212,354</u>

\$ 127,869	\$ (13)	\$ 318,914
-	21,615	22,115
<u>127,869</u>	<u>21,602</u>	<u>341,029</u>

1,123,094	212,408	1,803,938
-	24,649	4,067,387
<u>1,123,094</u>	<u>237,057</u>	<u>5,871,325</u>

<u>\$ 1,250,963</u>	<u>\$ 258,659</u>	<u>\$ 6,212,354</u>
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CITY OF SEGUIN, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund Capital Projects	2008 General Obligation Bonds	Golf Course Capital Projects	2013 Certificates of Obligation
REVENUES				
Intergovernmental	1,852,640	\$ -	\$ -	\$ -
Licenses and Permits	-	-	82,837	-
Charges for Services	-	-	-	-
Interest	4,050	202	(16)	121
Miscellaneous	55,622	-	-	161,695
Total Revenues	<u>1,912,312</u>	<u>202</u>	<u>82,821</u>	<u>161,816</u>
EXPENDITURES				
General Government	156,755	-	-	-
Capital Outlay	4,158,330	122,254	25,722	124,788
Debt Service:				
Principal	95,133	-	72,953	-
Interest & Fiscal Charges	6,153	-	5,508	-
Total Expenditures	<u>4,416,371</u>	<u>122,254</u>	<u>104,183</u>	<u>124,788</u>
Excess (Deficiency) of Revenues Over (Under Expenditures)	<u>(2,504,059)</u>	<u>(122,052)</u>	<u>(21,362)</u>	<u>37,028</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	3,371,143	-	-	-
Total Other Financing Sources (Uses)	<u>3,371,143</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	867,084	(122,052)	(21,362)	37,028
FUND BALANCE, OCTOBER 1	<u>3,058,229</u>	<u>300,985</u>	<u>138,787</u>	<u>252,475</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 3,925,313</u>	<u>\$ 178,933</u>	<u>\$ 117,425</u>	<u>\$ 289,503</u>

2011 Bond Fund	Miscellaneous Projects Fund	Total
\$ -	\$ -	\$ 1,852,640
-	56,093	138,930
-	45,429	45,429
1,447	(312)	5,492
-	-	217,317
1,447	101,210	2,259,808
-	-	156,755
513,377	17,176	4,961,647
-	-	-
-	-	168,086
-	-	11,661
513,377	17,176	5,298,149
(511,930)	84,034	(3,038,341)
(139,012)	-	3,232,131
(139,012)	-	3,232,131
(650,942)	84,034	193,790
1,774,036	153,023	5,677,535
\$ 1,123,094	\$ 237,057	\$ 5,871,325

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
OCCUPANCY TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(With Comparative Actual Amounts for 2014)

	Final Budgeted Amounts	2015	Variance Favorable (Unfavorable)	2014
REVENUES				
Occupancy Tax	\$ 61,743	\$ 218,715	\$ 156,972	\$ 131,515
Interest	100	(1,022)	(1,122)	108
Total Revenues	<u>61,843</u>	<u>217,693</u>	<u>155,850</u>	<u>131,623</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Contributions to Local Organizations	115,400	103,080	12,320	158,685
Total Expenditures	<u>115,400</u>	<u>103,080</u>	<u>12,320</u>	<u>158,685</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(53,557)</u>	<u>114,613</u>	<u>168,170</u>	<u>(27,062)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(21,905)	(21,905)	-	(9,274)
Total Other Financing Sources (Uses)	<u>(21,905)</u>	<u>(21,905)</u>	<u>-</u>	<u>(9,274)</u>
Net Change in Fund Balance	(75,462)	92,708	168,170	(36,336)
FUND BALANCE, OCTOBER 1	<u>794,053</u>	<u>794,053</u>	<u>-</u>	<u>830,389</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 718,591</u>	<u>\$ 886,761</u>	<u>\$ 168,170</u>	<u>\$ 794,053</u>

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
COLISEUM FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(With Comparative Actual Amounts for 2014)

	Final Budgeted Amounts	2015	Variance Favorable (Unfavorable)	2014
REVENUES				
Occupancy Tax	\$ 188,500	\$ 188,500	\$ -	\$ 184,575
Charges for Services	75,000	70,784	(4,216)	70,575
Interest	50	58	8	12
Miscellaneous	-	105	105	1,493
Total Revenues	<u>263,550</u>	<u>259,447</u>	<u>(4,103)</u>	<u>256,655</u>
EXPENDITURES				
<i>General Government/Facilities & Grounds:</i>				
Personnel Services	35,980	34,103	1,877	42,501
Contracted Services	216,450	212,910	3,540	193,447
Supplies	19,100	12,918	6,182	10,397
Other Services and Charges	22,360	21,596	764	13,077
Total Expenditures	<u>293,890</u>	<u>281,527</u>	<u>12,363</u>	<u>259,422</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(30,340)</u>	<u>(22,080)</u>	<u>8,260</u>	<u>(2,767)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	(12,669)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,669)</u>
Net Change in Fund Balance	(30,340)	(22,080)	8,260	(15,436)
FUND BALANCE, OCTOBER 1	<u>123,629</u>	<u>123,629</u>	<u>-</u>	<u>139,065</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 93,289</u>	<u>\$ 101,549</u>	<u>\$ 8,260</u>	<u>\$ 123,629</u>

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
AQUATIC CENTER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(With Comparative Actual Amounts for 2014)

	Final Budgeted Amounts	2015	Variance Favorable (Unfavorable)	2014
REVENUES				
Charges for Services	\$ 97,000	\$ 94,202	\$ (2,798)	\$ 97,772
Interest	-	(36)	(36)	(47)
Total Revenues	<u>97,000</u>	<u>94,166</u>	<u>(2,834)</u>	<u>97,725</u>
EXPENDITURES				
Current:				
<i>General Government/ Parks & Recreation</i>				
Personnel Services	46,502	44,067	2,435	42,580
Contracted Services	30,350	28,149	2,201	22,093
Supplies	22,010	21,934	76	19,586
Total Expenditures	<u>98,862</u>	<u>94,150</u>	<u>4,712</u>	<u>84,259</u>
Net Change in Fund Balance	(1,862)	16	1,878	13,466
FUND BALANCE, OCTOBER 1	<u>24,192</u>	<u>24,192</u>	<u>-</u>	<u>10,726</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 22,330</u>	<u>\$ 24,208</u>	<u>\$ 1,878</u>	<u>\$ 24,192</u>

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
CONVENTION & VISITORS BUREAU
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(With Comparative Actual Amounts for 2014)

	Final Budgeted Amounts	2015	Variance Favorable (Unfavorable)	2014
REVENUES				
Occupancy Tax	\$ 315,085	\$ 315,085	\$ -	\$ 310,629
Interest	50	91	41	(5)
Miscellaneous	-	4,984	4,984	116
Total Revenues	<u>315,135</u>	<u>320,160</u>	<u>5,025</u>	<u>310,740</u>
EXPENDITURES				
Current:				
General Government	<u>315,085</u>	<u>276,706</u>	<u>38,379</u>	<u>313,089</u>
Total Expenditures	<u>315,085</u>	<u>276,706</u>	<u>38,379</u>	<u>313,089</u>
Net Change in Fund Balance	50	43,454	43,404	(2,349)
FUND BALANCE, OCTOBER 1	<u>123,442</u>	<u>123,442</u>	<u>-</u>	<u>125,791</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 123,492</u>	<u>\$ 166,896</u>	<u>\$ 43,404</u>	<u>\$ 123,442</u>

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
SEBASTOPOL HOUSE
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(With Comparative Actual Amounts for 2014)

	Final Budgeted Amounts	2015	Variance Favorable (Unfavorable)	2014
REVENUES				
Occupancy Tax	68,257	\$ 54,068	\$ (14,189)	58,823
Intergovernmental	-	2,506	2,506	2,746
Interest	-	(1)	(1)	(1)
Miscellaneous	10,200	10,200	-	9,350
Total Revenues	<u>78,457</u>	<u>66,773</u>	<u>(11,684)</u>	<u>70,918</u>
EXPENDITURES				
Current:				
General Government	78,457	71,781	6,676	65,939
Total Expenditures	<u>78,457</u>	<u>71,781</u>	<u>6,676</u>	<u>65,939</u>
Net Change in Fund Balance	-	(5,008)	(5,008)	4,979
FUND BALANCE, OCTOBER 1	<u>4,979</u>	<u>4,979</u>	<u>-</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 4,979</u>	<u>\$ (29)</u>	<u>\$ (5,008)</u>	<u>\$ 4,979</u>

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
POLICE DONATIONS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(With Comparative Actual Amounts for 2014)

	Final Budgeted Amounts	2015	Variance Favorable (Unfavorable)	2014
REVENUES				
Interest	\$ 10	\$ 22	\$ 12	\$ 4
Miscellaneous	-	-	-	3,889
Total Revenues	<u>10</u>	<u>22</u>	<u>12</u>	<u>3,893</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Supplies	2,080	2,080	-	3,627
Total Expenditures	<u>2,080</u>	<u>2,080</u>	<u>-</u>	<u>3,627</u>
Net Change in Fund Balance	(2,070)	(2,058)	12	266
FUND BALANCE, OCTOBER 1	<u>52,302</u>	<u>52,302</u>	<u>-</u>	<u>52,036</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 50,232</u>	<u>\$ 50,244</u>	<u>\$ 12</u>	<u>\$ 52,302</u>

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
PEG CAPITAL FEES
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(With Comparative Actual Amounts for 2014)

	Final Budgeted Amounts	2015	Variance Favorable (Unfavorable)	2014
REVENUES				
Franchise Tax	\$ 40,000	39,767	\$ (233)	\$ 38,750
Interest	-	(12)	(12)	(21)
Total Revenues	<u>40,000</u>	<u>39,755</u>	<u>(245)</u>	<u>38,729</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Contracted Services	40,490	40,255	235	45,430
Total Expenditures	<u>40,490</u>	<u>40,255</u>	<u>235</u>	<u>45,430</u>
Net Change in Fund Balance	(490)	(500)	(10)	(6,701)
FUND BALANCE, OCTOBER 1	<u>72,899</u>	<u>72,899</u>	<u>-</u>	<u>79,600</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 72,409</u>	<u>\$ 72,399</u>	<u>\$ (10)</u>	<u>\$ 72,899</u>

CITY OF SEGUIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
LIBRARY DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(With Comparative Actual Amounts for 2014)

	Final Budgeted Amounts	2015	Variance Favorable (Unfavorable)	2014
REVENUES				
Interest	\$ -	\$ 65	\$ 65	\$ 42
Total Revenues	<u>-</u>	<u>65</u>	<u>65</u>	<u>42</u>
EXPENDITURES				
Current:				
<i>General Government:</i>				
Contracted Services	-	-	-	378
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>378</u>
Net Change in Fund Balance	-	65	65	(336)
FUND BALANCE, OCTOBER 1	<u>-</u>	<u>127,159</u>	<u>127,159</u>	<u>127,495</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ -</u></u>	<u><u>\$ 127,224</u></u>	<u><u>\$ 127,224</u></u>	<u><u>\$ 127,159</u></u>

CITY OF SEGUIN, TEXAS
COMPARATIVE STATEMENTS OF NET POSITION
UTILITY FUND
SEPTEMBER 30, 2015 AND 2014

ASSETS	2015	*	2014
<i>Current Assets:</i>			
Cash and Cash Equivalents			
Restricted Cash	\$ 115,697		\$ 11,826
Unrestricted Cash	1,162,788		701,220
Investments			
Restricted Investments	5,136,208		6,967,747
Unrestricted Investments	42,715,615		24,681,251
Accounts Receivable (Net)	4,057,004		4,925,281
Miscellaneous Receivables	2,720,540		2,253,040
Due from Component Unit	21,001		19,590
Inventories	1,989,112		1,720,208
Prepaid Items	45,843		54,087
<i>Total Current Assets</i>	<u>57,963,808</u>		<u>41,334,250</u>
Net Pension Asset	-		747,802
Net Present Value of Lease Financing	538,567		577,306
Capital Assets	115,573,976		106,045,490
Accumulated Depreciation	<u>(55,641,785)</u>		<u>(52,756,698)</u>
Total Assets	<u>118,434,566</u>		<u>95,948,150</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Related Outflows	702,591		-
Deferred Charge on Refundings	68,575		79,269
Total Deferred Outflows of Resources	<u>\$ 771,166</u>		<u>\$ 79,269</u>

Continued

CITY OF SEGUIN, TEXAS
COMPARATIVE STATEMENTS OF NET POSITION (CONTINUED)
UTILITY FUND
SEPTEMBER 30, 2015 AND 2014

LIABILITIES	2015	*	2014
<i>Current Liabilities:</i>			
Accounts Payable	\$ 3,188,667		\$ 2,366,655
Accrued Expenses	538,158		448,000
Unearned Revenue	705,830		63,525
Customer Deposits	737,549		553,746
<i>Payable from Restricted Assets:</i>			
Accrued Interest Payable	230,800		110,731
Revenue Bonds Due Within One Year	1,301,771		1,077,119
<i>Total Current Liabilities</i>	<u>6,702,775</u>		<u>4,619,776</u>
 Capital Leases Payable (Net of Current Maturities)	 52,801		 70,339
Compensated Absences	173,113		150,908
Net Other Post Employment Benefit Obligation	67,646		43,774
Net Pension Liability	6,775,604		-
Revenue Bonds Payable (Net of Current Maturities)	39,026,547		18,837,546
<i>Total Noncurrent Liabilities</i>	<u>46,095,711</u>		<u>19,102,567</u>
Total Liabilities	<u><u>52,798,486</u></u>		<u><u>23,722,343</u></u>
 NET POSITION			
Net Investment in Capital Assets	39,946,492		36,385,747
Restricted for:			
Debt Service	2,012,821		2,377,273
Impact Fees	1,638,879		1,181,206
Unrestricted	22,809,054		32,360,850
Total Net Position	<u><u>\$ 66,407,246</u></u>		<u><u>\$ 72,305,076</u></u>

*Change in Accounting Principle pursuant to GASB 68 applied prospectively. Comparative information has not been restated.

CITY OF SEGUIN, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
UTILITY FUND
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

OPERATING REVENUES	2015	*	2014
Charges for Services:			
Electric	\$ 26,909,054		\$ 26,539,806
Water	8,718,656		8,489,571
Sewer	5,610,776		5,244,197
Miscellaneous Revenues	1,407,104		1,744,374
Total Operating Revenues	42,645,590		42,017,948
 OPERATING EXPENSES			
Administration	1,849,351		1,656,208
Operation and Maintenance:			
Electric Distribution	21,000,423		17,408,244
Utility Services	951,067		799,554
Water Production	4,673,612		4,422,078
Water/Sewer Maintenance	3,778,870		3,780,883
Sewer Plant	1,925,099		2,129,372
Economic Development	388,668		338,148
Facilities Maintenance	643,945		551,370
Information Technology	254,532		219,689
City Attorney	394,474		463,175
Nondepartmental	812,415		587,607
Indirect Cost Allocation	4,190,324		3,848,566
Total Operating Expenses	40,862,780		36,204,894
Operating Income (Loss)	1,782,810		5,813,054
 NONOPERATING REVENUES (EXPENSES)			
Interest Income	34,353		20,456
Gain (Loss) on Sale of Assets	483		1,028
Interest and Fiscal Charges	(1,241,434)		(695,892)
Bond Issue Costs	(713,523)		-
Total Nonoperating Revenues (Expenses)	(1,920,121)		(674,408)
Net Income (Loss) before Contributions and Transfers	(137,311)		5,138,646
 Capital Contributions	749,579		2,961,261
Transfers In (Out)	100,149		535,332
	849,728		3,496,593
 Change in Net Position	712,417		8,635,239
Net Position at Beginning of Year	72,305,076		63,669,837
Prior Period Adjustment	(6,610,247)		-
Net Position at End of Year	\$ 66,407,246		\$ 72,305,076

* Change in Accounting Principle pursuant to GASB 68 applied prospectively. Comparative information has not been restated.

CITY OF SEGUIN, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS
UTILITY FUND
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 43,872,475	\$ 41,028,570
Cash Paid for Employee Wages and Benefits	(6,233,432)	(5,555,314)
Cash Paid to Suppliers for Goods and Services	(26,600,048)	(26,411,253)
Cash Paid General Fund for Indirect Costs	(4,190,324)	(3,848,566)
Net Cash Provided (Used) by Operating Activities	<u>6,848,671</u>	<u>5,213,437</u>
Cash Flows From Noncapital Financing Activities:		
Transfers From Other Funds	<u>100,149</u>	<u>535,332</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>100,149</u>	<u>535,332</u>
Cash Flows From Capital and Related Financing Activities:		
Purchase/Construction of Capital Assets	(9,323,600)	(8,534,676)
Capital Grants Received	498,959	1,197,028
Proceeds from Revenue Bonds	21,405,000	-
Premiums Received on Revenue Bonds	108,523	-
Principal Payments on Long-Term Bonds	(1,077,119)	(1,047,714)
Interest and Fiscal Charges Paid	(1,133,422)	(709,407)
Bond Issue Costs	(713,523)	-
Principal Payments on Capital Leases	(17,538)	(31,517)
Advances (To) From Component Unit	(1,411)	(1,082)
Proceeds from Sale of Capital Assets	483	1,028
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>9,746,352</u>	<u>(9,126,340)</u>
Cash Flows From Investing Activities:		
Sale/(Purchase) of Investment Securities	(16,202,825)	3,449,171
Investment Interest Received	34,353	20,456
Lease Financing - Principal Payments Received	38,739	36,777
Net Cash Provided (Used) by Investing Activities	<u>(16,129,733)</u>	<u>3,506,404</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>565,439</u>	<u>128,833</u>
Cash and Equivalents at Beginning of Year:		
Cash and Cash Equivalents	701,220	577,468
Restricted Cash and Cash Equivalents	11,826	6,745
	<u>713,046</u>	<u>584,213</u>
Cash and Equivalents at End of Year:		
Cash and Cash Equivalents	1,162,788	701,220
Restricted Cash and Cash Equivalents	115,697	11,826
	<u>\$ 1,278,485</u>	<u>\$ 713,046</u>

CITY OF SEGUIN, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)
UTILITY FUND
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income	\$ 1,782,810	\$ 5,813,054
Adjustments to reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	2,930,821	3,083,395
(Increase) Decrease in Operating Assets:		
Accounts Receivable	400,777	(1,026,083)
Inventory/Prepaid Items	(260,660)	(25,479)
Net Pension Asset/Deferred Pension Related Outflows	45,211	(69,477)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	822,012	(97,863)
Accrued Expenses	112,363	(2,510,741)
Net Other Postemployment Benefit Obligation	23,872	9,926
Net Pension Liability	165,357	-
Unearned Revenue	642,305	25,449
Customer Deposits	183,803	11,256
	<u>6,848,671</u>	<u>5,213,437</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,848,671</u>	<u>\$ 5,213,437</u>
Transactions Not Affecting Cash and Cash Equivalents:		
Noncapital Financing Activities:		
Increase in Net Pension Liability	\$ 6,775,604	\$ -
Capital and Related Financing Activities:		
Developer Contributions - Capital Assets	<u>\$ 250,620</u>	<u>\$ 1,764,233</u>

CITY OF SEGUIN, TEXAS
COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
UTILITY FUND
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<i>Administration:</i>		
Personnel Services	\$ 1,673,037	\$ 1,473,918
Contracted Services	63,993	57,980
Supplies and Materials	85,783	79,495
Other Charges	19,841	38,239
Depreciation	6,697	6,576
<i>Total Administration</i>	<u>1,849,351</u>	<u>1,656,208</u>
<i>Electric Production and Distribution:</i>		
Personnel Services	1,103,034	779,537
Contracted Services	1,242,165	1,224,246
Supplies and Materials	17,997,644	14,837,534
Other Charges	4,578	(30,717)
Depreciation	653,002	597,644
<i>Total Electric Production and Distribution</i>	<u>21,000,423</u>	<u>17,408,244</u>
<i>Utility Services</i>		
Personnel Services	718,971	615,009
Contracted Services	200,225	151,710
Supplies and Materials	26,388	23,992
Other Charges	5,483	8,843
<i>Total Utility Services</i>	<u>951,067</u>	<u>799,554</u>
<i>Water Production:</i>		
Personnel Services	716,983	595,626
Contracted Services	3,584,350	3,435,110
Supplies and Materials	94,406	79,447
Other Charges	12,651	13,015
Depreciation	265,222	298,880
<i>Total Water Production</i>	<u>4,673,612</u>	<u>4,422,078</u>
<i>Water/Sewer Maintenance:</i>		
Personnel Services	695,377	621,718
Contracted Services	1,203,424	1,147,010
Supplies and Materials	44,552	57,285
Other Charges	498,258	588,886
Depreciation	1,337,259	1,365,984
<i>Total Water/Sewer Maintenance</i>	<u>3,778,870</u>	<u>3,780,883</u>
<i>Sewer Plant:</i>		
Personnel Services	520,191	507,670
Contracted Services	967,122	938,368
Supplies and Materials	70,178	62,135
Other Charges	5,216	4,524
Depreciation	362,392	616,675
<i>Total Sewer Plant</i>	<u>\$ 1,925,099</u>	<u>\$ 2,129,372</u>

CITY OF SEGUIN, TEXAS
COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT (CONTINUED)
UTILITY FUND
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<i>Economic Development:</i>		
Personnel Services	\$ 340,141	\$ 307,509
Contracted Services	26,696	8,731
Supplies and Materials	62	2,145
Other Charges	21,769	19,763
<i>Total Economic Development</i>	<u>388,668</u>	<u>338,148</u>
<i>Facilities Maintenance:</i>		
Personnel Services	566,652	477,035
Contracted Services	52,225	44,550
Supplies and Materials	24,546	29,711
Other Charges	522	74
Depreciation	-	0
<i>Total Facilities Maintenance</i>	<u>643,945</u>	<u>551,370</u>
<i>Information Technology:</i>		
Personnel Services	164,151	139,582
Contracted Services	87,725	77,086
Supplies and Materials	535	592
Other Charges	2,121	2,429
<i>Total Information Technology</i>	<u>254,532</u>	<u>219,689</u>
<i>City Attorney:</i>		
Personnel Services	81,698	74,787
Contracted Services	311,041	386,837
Supplies and Materials	51	46
Other Charges	1,684	1,505
<i>Total City Attorney</i>	<u>394,474</u>	<u>463,175</u>
<i>Nondepartmental:</i>		
Contracted Services	295,652	211,117
Supplies and Materials	16,041	16,107
Other Charges	194,473	162,747
Depreciation	306,249	197,636
<i>Total Nondepartmental</i>	<u>812,415</u>	<u>587,607</u>
Indirect Cost Allocation	<u>4,190,324</u>	<u>3,848,566</u>
Total Operating Expenses	<u><u>\$ 40,862,780</u></u>	<u><u>\$ 36,204,894</u></u>

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2015
 (With Comparative Amounts for 2014)

	Internal Insurance Fund	Retirees Insurance Fund	Workers Compensation Fund	Totals	
				2015	2014
ASSETS					
Cash and Cash Equivalents	105,746	1,768	52,945	\$ 160,459	140,188
Investments	79,339	459,440	115,664	654,443	609,471
Miscellaneous Receivables	-	6,730	-	6,730	5,798
Prepaid Items	-	-	-	-	2,717
Total Assets	<u>185,085</u>	<u>467,938</u>	<u>168,609</u>	<u>821,632</u>	<u>758,174</u>
LIABILITIES					
Accounts Payable	<u>6,177</u>	<u>4,376</u>	<u>-</u>	<u>10,553</u>	<u>22,001</u>
Total Liabilities	<u>6,177</u>	<u>4,376</u>	<u>-</u>	<u>10,553</u>	<u>22,001</u>
NET POSITION					
Unrestricted	<u>178,908</u>	<u>463,562</u>	<u>168,609</u>	<u>811,079</u>	<u>736,173</u>
Total Net Position	<u>\$ 178,908</u>	<u>\$ 463,562</u>	<u>\$ 168,609</u>	<u>\$ 811,079</u>	<u>\$ 736,173</u>

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 NET POSITION – INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015
 (With Comparative Amounts for 2014)

	Internal Insurance Fund	Retirees Insurance Fund	Workers Compensation Fund	Totals	
				2015	2014
OPERATING REVENUES					
Charges for Premiums	2,762,392	58,481	145,801	\$ 2,966,674	\$ 2,820,140
Miscellaneous Revenues	-	-	-	-	3,974
Total Operating Revenues	<u>2,762,392</u>	<u>58,481</u>	<u>145,801</u>	<u>2,966,674</u>	<u>2,824,114</u>
OPERATING EXPENSES					
Premiums	2,744,733	67,619	130,339	2,942,691	2,770,946
Administration	27,500	-	-	27,500	41,000
Total Operating Expenses	<u>2,772,233</u>	<u>67,619</u>	<u>130,339</u>	<u>2,970,191</u>	<u>2,811,946</u>
OPERATING INCOME (LOSS)	<u>(9,841)</u>	<u>(9,138)</u>	<u>15,462</u>	<u>(3,517)</u>	<u>12,168</u>
NONOPERATING REVENUES (EXPENSES)					
Interest Income	19	212	(143)	88	26
Total Nonoperating Revenues (Expenses)	<u>19</u>	<u>212</u>	<u>(143)</u>	<u>88</u>	<u>26</u>
Net Income (Loss) Before Contributions and Transfers	<u>(9,822)</u>	<u>(8,926)</u>	<u>15,319</u>	<u>(3,429)</u>	<u>12,194</u>
Transfers In (Out)	<u>-</u>	<u>78,335</u>	<u>-</u>	<u>78,335</u>	<u>113,540</u>
Change in Net Position	<u>(9,822)</u>	<u>69,409</u>	<u>15,319</u>	<u>74,906</u>	<u>125,734</u>
Net Position At Beginning of Year	<u>188,730</u>	<u>394,153</u>	<u>153,290</u>	<u>736,173</u>	<u>610,439</u>
Net Position at End of Year	<u><u>\$ 178,908</u></u>	<u><u>\$ 463,562</u></u>	<u><u>\$ 168,609</u></u>	<u><u>\$ 811,079</u></u>	<u><u>736,173</u></u>

CITY OF SEGUIN, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(With Comparative Amounts for 2014)

	Internal Insurance Fund	Retirees Insurance Fund	Workers Compensation Fund	Totals	
				2015	2014
Cash Flows From Operating Activities:					
Cash Received from Interfund Services	\$ 2,145,524	\$ 49,518	\$ 145,801	\$ 2,340,843	\$ 2,254,002
Cash Paid from Users	616,868	8,031	-	624,899	570,112
Cash Paid for Employee Benefits	<u>(2,775,769)</u>	<u>(72,815)</u>	<u>(130,339)</u>	<u>(2,978,924)</u>	<u>(2,800,192)</u>
Net Cash Provided (Used) by Operating Activities	<u>(13,377)</u>	<u>(15,266)</u>	<u>15,462</u>	<u>(13,181)</u>	<u>23,922</u>
Cash Flows From Noncapital Financing Activities:					
Operating Transfers from/to Other Funds	-	78,335	-	78,335	113,540
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>78,335</u>	<u>-</u>	<u>78,335</u>	<u>113,540</u>
Cash Flows From Investing Activities:					
Sale/(Purchase) of Investments	109,215	(191,046)	36,860	(44,971)	(101,466)
Investment Interest Received	<u>19</u>	<u>212</u>	<u>(143)</u>	<u>88</u>	<u>26</u>
Net Cash Provided (Used) by Investing Activities	<u>109,234</u>	<u>(190,834)</u>	<u>36,717</u>	<u>(44,883)</u>	<u>(101,440)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	95,857	(127,765)	52,179	20,271	36,022
Cash and Equivalents at Beginning of Year:	<u>9,889</u>	<u>129,533</u>	<u>766</u>	<u>140,188</u>	<u>104,166</u>
Cash and Equivalents at End of Year	<u><u>\$ 105,746</u></u>	<u><u>\$ 1,768</u></u>	<u><u>\$ 52,945</u></u>	<u><u>\$ 160,459</u></u>	<u><u>\$ 140,188</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (9,841)	\$ (9,138)	\$ 15,462	\$ (3,517)	\$ 12,168
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
(Increase) Decrease in					
Miscellaneous Receivables	-	(932)	-	(932)	5,263
Prepaid Items	2,717	-	-	2,717	(2,717)
Increase (Decrease) in					
Accounts Payable	<u>(6,253)</u>	<u>(5,196)</u>	<u>-</u>	<u>(11,449)</u>	<u>9,208</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (13,377)</u></u>	<u><u>\$ (15,266)</u></u>	<u><u>\$ 15,462</u></u>	<u><u>\$ (13,181)</u></u>	<u><u>\$ 23,922</u></u>

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF NET POSITION
 FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS
 SEPTEMBER 30, 2015

	Smokey Joe Scholarship Fund	Riverside Cemetery Fund	Industrial Development Fund	DARE Scholarship Fund	Total Private Purpose Trusts
ASSETS					
Cash and Cash Equivalents	\$ -	\$ -	\$ 4,637	\$ 71	\$ 4,708
Investments	-	39,876	261,199	5,618	306,693
Notes Receivable	-	-	2,300	-	2,300
Inventory	-	-	359,431	-	359,431
Total Assets	<u>-</u>	<u>39,876</u>	<u>627,567</u>	<u>5,689</u>	<u>673,132</u>
LIABILITIES					
Due to Others	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position Held in Trust	<u>\$ -</u>	<u>\$ 39,876</u>	<u>\$ 627,567</u>	<u>\$ 5,689</u>	<u>\$ 673,132</u>

CITY OF SEGUIN, TEXAS
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY (PRIVATE PURPOSE TRUST) FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Smokey Joe Scholarship Fund	Riverside Cemetery Fund	Industrial Development Fund	DARE Scholarship Fund	Total Private Purpose Trusts
ADDITIONS					
Interest	\$ 4	\$ 22	\$ 237	\$ 4	\$ 267
Total Additions	<u>4</u>	<u>22</u>	<u>237</u>	<u>4</u>	<u>267</u>
DEDUCTIONS					
Distribution to Participants	73,607	50,000	-	6,139	129,746
Total Deductions	<u>73,607</u>	<u>50,000</u>	<u>-</u>	<u>6,139</u>	<u>129,746</u>
Change in Net Position	(73,603)	(49,978)	237	(6,135)	(129,479)
Net Position, Beginning of Year	<u>73,603</u>	<u>89,854</u>	<u>627,330</u>	<u>11,824</u>	<u>802,611</u>
Net Position, End of Year	<u>\$ -</u>	<u>\$ 39,876</u>	<u>\$ 627,567</u>	<u>\$ 5,689</u>	<u>\$ 673,132</u>

CITY OF SEGUIN, TEXAS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Evidence/Abandoned Funds	Balance September 30, 2014	Additions	Deductions	Balance September 30, 2015
<i>Assets:</i>				
Cash and Equivalents	\$ 9,676	\$ 38,517	\$ -	\$ 48,193
<i>Liabilities</i>				
Due to Others	\$ 9,676	\$ 38,517	\$ -	\$ 48,193

CITY OF SEGUIN, TEXAS
STATISTICAL SECTION
SEPTEMBER 30, 2015

This part of the City of Seguin's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Seguin's overall financial health.

Financial Trends

Net Position by Component
Changes in Net Position
Fund Balances, Governmental Funds
Changes in Fund Balances, Governmental Funds

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

Tax Revenues by Source, Governmental Funds
Assessed Value and Actual Value of Property
Direct and Overlapping Property Tax Rates
Principal Property Taxpayers
Property Tax Levies and Collections

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales tax.

Debt Capacity

Ratios of Outstanding Debt by Type
Ratios of General Bonded Debt Outstanding
Direct and Overlapping Governmental Activities Debt
Legal Debt Margin
Pledged Revenue Coverage

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

Demographic and Economic Statistics
Principal Employers

These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

Operating Indicators by Function
Capital Asset Statistics by Function
Full-time Equivalent City Government Employees by Function

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

CITY OF SEGUIN, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007	2008	2009
<i>Governmental Activities:</i>				
Net Investment in Capital Assets	\$ 18,715,795	\$ 21,202,151	\$ 18,958,130	\$ 18,647,949
Restricted	609,630	791,109	970,062	1,091,155
Unrestricted	11,477,486	9,789,390	11,362,829	11,832,570
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$ 30,802,911</u>	<u>\$ 31,782,650</u>	<u>\$ 31,291,021</u>	<u>\$ 31,571,674</u>
<i>Business-Type Activities:</i>				
Net Investment in Capital Assets	\$ 24,719,893	\$ 24,767,252	\$ 24,502,485	\$ 25,817,049
Restricted	839,601	1,110,889	1,122,407	1,088,411
Unrestricted	10,786,592	13,997,400	15,241,512	17,796,040
<i>Total Business-Type Activities</i>				
<i>Net Position</i>	<u>\$ 36,346,086</u>	<u>\$ 39,875,541</u>	<u>\$ 40,866,404</u>	<u>\$ 44,701,500</u>
<i>Primary Government:</i>				
Net Investment in Capital Assets	\$ 43,435,688	\$ 45,969,403	\$ 43,460,615	\$ 44,464,998
Restricted	1,449,231	1,901,998	2,092,469	2,179,566
Unrestricted	22,264,078	23,786,790	26,604,341	29,628,610
<i>Total Primary Government</i>				
<i>Net Position</i>	<u>\$ 67,148,997</u>	<u>\$ 71,658,191</u>	<u>\$ 72,157,425</u>	<u>\$ 76,273,174</u>

* Change in Accounting Principle pursuant to GASB 68 applied prospectively effective September 30, 2015.
Comparative information has not been restated.

TABLE 1

Fiscal Year					
2010	2011	2012	2013	2014	* 2015
\$ 19,035,061	\$ 22,058,500	\$ 21,979,540	\$ 21,518,984	\$ 21,780,455	\$ 25,657,965
1,243,295	2,399,602	2,793,614	3,323,527	3,352,071	3,306,292
12,804,348	13,476,007	24,998,610	26,172,941	24,028,627	2,882,554
<u>\$ 33,082,704</u>	<u>\$ 37,934,109</u>	<u>\$ 49,771,764</u>	<u>\$ 51,015,452</u>	<u>\$ 49,161,153</u>	<u>\$ 31,846,811</u>
\$ 26,030,163	\$ 26,908,429	\$ 27,668,999	\$ 29,869,105	\$ 36,385,747	\$ 39,946,492
1,884,617	2,916,398	3,239,558	3,594,942	3,558,479	3,651,700
19,735,076	29,660,618	30,740,418	30,205,790	32,360,850	22,809,054
<u>\$ 47,649,856</u>	<u>\$ 59,485,445</u>	<u>\$ 61,648,975</u>	<u>\$ 63,669,837</u>	<u>\$ 72,305,076</u>	<u>\$ 66,407,246</u>
\$ 45,065,224	\$ 48,966,929	\$ 49,648,539	\$ 51,388,089	\$ 58,166,202	\$ 65,604,457
3,127,912	5,316,000	6,033,172	6,918,469	6,910,550	6,957,992
32,539,424	43,136,625	55,739,028	56,378,731	56,389,477	25,691,608
<u>\$ 80,732,560</u>	<u>\$ 97,419,554</u>	<u>\$ 111,420,739</u>	<u>\$ 114,685,289</u>	<u>\$ 121,466,229</u>	<u>\$ 98,254,057</u>

CITY OF SEGUIN, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

Expenses	Fiscal Year			
	2006	2007	2008	2009
<i>Governmental Activities:</i>				
General Government	\$ 2,144,300	\$ 1,878,372	\$ 1,794,323	\$ 1,859,944
Public Safety	7,560,114	8,898,829	8,891,772	9,068,057
Public Service	4,736,797	5,418,440	5,946,254	6,471,090
Interest on Long-Term Debt	954,460	1,160,419	1,585,143	1,465,134
<i>Total Governmental Activities</i>	<u>15,395,671</u>	<u>17,356,060</u>	<u>18,217,492</u>	<u>18,864,225</u>
<i>Business-Type Activities:</i>				
Utility	<u>33,427,405</u>	<u>32,180,148</u>	<u>38,124,954</u>	<u>38,051,066</u>
<i>Total Business-Type Activities</i>	<u>33,427,405</u>	<u>32,180,148</u>	<u>38,124,954</u>	<u>38,051,066</u>
Total Primary Government Expenses	<u><u>\$ 48,823,076</u></u>	<u><u>\$ 49,536,208</u></u>	<u><u>\$ 56,342,446</u></u>	<u><u>\$ 56,915,291</u></u>
Program Revenues				
<i>Governmental Activities:</i>				
Charges for Services:				
General Government	\$ 1,924,059	\$ 1,964,123	\$ 2,396,731	\$ 2,438,156
Public Safety	2,316,451	2,482,048	2,178,103	2,312,047
Public Service	1,722,142	2,355,714	1,948,256	2,412,189
Operating Grants and Contributions	156,943	396,114	566,929	156,418
Capital Grants and Contributions	891,532	599,544	144,622	598,398
<i>Total Governmental Activities</i>	<u>7,011,127</u>	<u>7,797,543</u>	<u>7,234,641</u>	<u>7,917,208</u>
<i>Business-Type Activities:</i>				
Charges for Services	35,133,606	34,079,849	38,334,793	41,231,252
Operating Grants and Contributions	116,500	111,000	105,500	-
Capital Grants and Contributions	891,707	274,110	674,119	490,976
<i>Total Business-Type Activities</i>	<u>36,141,813</u>	<u>34,464,959</u>	<u>39,114,412</u>	<u>41,722,228</u>
Total Primary Government Program Revenues	<u><u>\$ 43,152,940</u></u>	<u><u>\$ 42,262,502</u></u>	<u><u>\$ 46,349,053</u></u>	<u><u>\$ 49,639,436</u></u>

TABLE 2

Fiscal Year					
2010	2011	2012	2013	2014	* 2015
\$ 1,859,525	\$ 2,077,927	\$ 1,482,333	\$ 1,617,167	\$ 1,891,420	\$ 6,354,347
9,494,381	10,057,294	10,617,994	11,147,424	11,757,015	13,399,458
6,636,986	6,912,623	7,849,643	8,269,202	8,464,114	8,043,970
1,444,828	2,017,079	1,778,567	1,685,881	2,516,964	2,343,340
<u>19,435,720</u>	<u>21,064,923</u>	<u>21,728,537</u>	<u>22,719,674</u>	<u>24,629,513</u>	<u>30,141,115</u>
36,430,136	37,928,870	39,484,763	39,212,917	36,900,786	38,627,413
<u>36,430,136</u>	<u>37,928,870</u>	<u>39,484,763</u>	<u>39,212,917</u>	<u>36,900,786</u>	<u>38,627,413</u>
<u>\$ 55,865,856</u>	<u>\$ 58,993,793</u>	<u>\$ 61,213,300</u>	<u>\$ 61,932,591</u>	<u>\$ 61,530,299</u>	<u>\$ 68,768,528</u>
\$ 2,419,222	\$ 2,423,729	\$ 2,617,386	\$ 2,616,261	\$ 2,888,748	\$ 3,381,353
2,957,157	3,337,034	2,940,217	3,053,799	3,524,917	3,641,594
2,228,708	2,393,691	2,464,152	2,435,778	3,081,696	3,005,082
965,782	719,700	985,512	658,404	841,529	801,179
567,658	222,703	221,193	140,973	197,027	2,014,336
<u>9,138,527</u>	<u>9,096,857</u>	<u>9,228,460</u>	<u>8,905,215</u>	<u>10,533,917</u>	<u>12,843,544</u>
39,290,331	43,211,099	41,463,853	40,827,258	42,017,948	42,645,590
-	-	-	-	-	-
87,917	257,571	40,454	215,212	2,961,261	749,579
<u>39,378,248</u>	<u>43,468,670</u>	<u>41,504,307</u>	<u>41,042,470</u>	<u>44,979,209</u>	<u>43,395,169</u>
<u>\$ 48,516,775</u>	<u>\$ 52,565,527</u>	<u>\$ 50,732,767</u>	<u>\$ 49,947,685</u>	<u>\$ 55,513,126</u>	<u>\$ 56,238,713</u>

CITY OF SEGUIN, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (CONTINUED)
(Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007	2008	2009
Net (Expense)/Revenue				
Governmental Activities	\$ (8,384,544)	\$ (9,558,517)	\$ (10,982,851)	\$ (10,947,017)
Business-Type Activities	2,714,408	2,284,811	989,458	3,671,162
Total Primary Government				
Net (Expense)	<u>\$ (5,670,136)</u>	<u>\$ (7,273,706)</u>	<u>\$ (9,993,393)</u>	<u>\$ (7,275,855)</u>
General Revenues and Other				
Changes in Net Assets				
<i>Governmental Activities:</i>				
General Property Taxes	\$ 4,046,240	\$ 4,582,576	\$ 5,049,451	\$ 5,620,048
Franchise Taxes	554,974	620,386	625,509	691,665
Sales Taxes	3,776,429	4,096,755	4,355,410	4,256,246
Occupancy Taxes	386,595	457,310	523,108	458,343
Interest and Investment Earnings	1,004,432	1,056,068	684,611	201,373
Miscellaneous	-	-	-	-
Gain (Loss) on Sale of Capital Assets	2,264	(45,385)	-	-
Special Items	-	-	(1,330,867)	-
Transfers	44,681	(229,454)	584,000	-
Total Governmental Activities	<u>9,815,615</u>	<u>10,538,256</u>	<u>10,491,222</u>	<u>11,227,675</u>
<i>Business-Type Activities Charges for Services:</i>				
Interest and Investment Earnings	537,526	771,998	565,238	160,396
Gain (Loss) on Sale of Capital Assets	2,510	243,192	20,167	3,538
Special Items	-	-	-	-
Transfers	(44,681)	229,454	(584,000)	-
Total Business-Type Activities	<u>495,355</u>	<u>1,244,644</u>	<u>1,405</u>	<u>163,934</u>
Total Primary Government	<u><u>\$ 10,310,970</u></u>	<u><u>\$ 11,782,900</u></u>	<u><u>\$ 10,492,627</u></u>	<u><u>\$ 11,391,609</u></u>
Change in Net Position				
Governmental Activities	\$ 1,431,071	\$ 979,739	\$ (491,629)	\$ 280,658
Business-Type Activities	3,209,763	3,529,455	990,863	3,835,096
Total Primary Government	<u>\$ 4,640,834</u>	<u>\$ 4,509,194</u>	<u>\$ 499,234</u>	<u>\$ 4,115,754</u>

* Change in Accounting Principle pursuant to GASB 68 applied prospectively effective September 30, 2015.
Comparative information has not been restated.

TABLE 2 (CONT.)

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ (10,297,193)	\$(11,968,066)	\$(12,500,077)	\$(13,814,459)	\$ (14,095,596)	\$ (13,107,247)
2,948,112	5,539,800	2,019,544	1,829,553	8,078,423	577,432
<u>\$ (7,349,081)</u>	<u>\$ (6,428,266)</u>	<u>\$(10,480,533)</u>	<u>\$(11,984,906)</u>	<u>\$ (6,017,173)</u>	<u>\$ (12,529,815)</u>
\$ 5,694,180	\$ 6,363,981	\$ 7,032,068	\$ 7,123,720	\$ 6,952,798	7,516,954
920,524	833,019	853,330	897,556	913,296	986,176
4,473,399	4,472,305	5,512,435	5,833,464	5,841,830	6,089,793
550,999	809,377	869,409	762,465	726,361	825,433
55,460	35,855	63,548	49,726	36,602	40,371
-	500,000	505,000	510,000	515,000	520,000
-	-	-	-	-	-
-	3,000,000	9,585,200	-	(2,209,258)	-
72,034	804,934	(83,258)	(118,784)	(535,332)	(100,149)
<u>11,766,596</u>	<u>16,819,471</u>	<u>24,337,732</u>	<u>15,058,147</u>	<u>12,241,297</u>	<u>15,878,578</u>
42,731	37,921	67,211	39,696	20,456	34,353
-	62,802	(6,483)	32,829	1,028	483
-	7,000,000	-	-	-	-
(72,034)	(804,934)	83,258	118,784	535,332	100,149
(29,303)	6,295,789	143,986	191,309	556,816	134,985
<u>\$ 11,737,293</u>	<u>\$ 23,115,260</u>	<u>\$ 24,481,718</u>	<u>\$ 15,249,456</u>	<u>\$ 12,798,113</u>	<u>\$ 16,013,563</u>
\$ 1,469,403	\$ 4,851,405	\$ 11,837,655	\$ 1,243,688	\$ (1,854,299)	2,771,331
2,918,809	11,835,589	2,163,530	2,020,862	8,635,239	712,417
<u>\$ 4,388,212</u>	<u>\$ 16,686,994</u>	<u>\$ 14,001,185</u>	<u>\$ 3,264,550</u>	<u>\$ 6,780,940</u>	<u>\$ 3,483,748</u>

CITY OF SEGUIN, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year			
	2006	2007	2008	2009
<i>General Fund:</i>				
Nonspendable	\$ 49,326	\$ 59,612	\$ 66,379	\$ 61,015
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	6,748,938	6,543,410	7,372,266	7,697,782
<i>Total General Fund</i>	<u>\$ 6,798,264</u>	<u>\$ 6,603,022</u>	<u>\$ 7,438,645</u>	<u>\$ 7,758,797</u>
<i>All other Governmental Funds:</i>				
Nonspendable	\$ -	\$ -	\$ 2,160	\$ 5,520
Restricted - Special Revenue	454,137	880,981	982,294	1,002,698
Restricted - Capital Projects	8,282,350	4,923,857	9,788,858	7,435,646
Restricted - Debt Service	464,988	652,652	851,815	945,507
Committed - Special Revenue	9,373	17,843	11,529	23,137
Assigned - Capital Projects	2,954,110	2,278,642	2,196,305	2,259,074
<i>Total Other Governmental Funds</i>	<u>\$ 12,164,958</u>	<u>\$ 8,753,975</u>	<u>\$ 13,832,961</u>	<u>\$ 11,671,582</u>

TABLE 3

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 56,899	\$ 73,101	\$ 66,104	\$ 2,037,347	\$ 70,386	\$ 98,698
-	22,800	22,800	20,100	20,100	25,300
-	-	2,208,762	2,163,385	2,165,441	2,167,774
-	-	-	157,464	151,582	126,887
8,655,304	8,773,457	17,454,678	15,568,700	16,586,852	15,571,620
<u>\$ 8,712,203</u>	<u>\$ 8,869,358</u>	<u>\$ 19,752,344</u>	<u>\$ 19,946,996</u>	<u>\$ 18,994,361</u>	<u>\$ 17,990,279</u>
\$ 4,295	\$ -	\$ 22,852	\$ 12,803	\$ 5,874	\$ 15,570
1,065,039	1,389,762	1,701,526	1,748,490	1,752,872	1,854,260
3,749,080	11,920,110	14,004,274	13,155,149	30,155,607	17,309,757
1,068,598	945,380	1,019,857	1,510,096	1,645,809	1,467,186
23,413	31,331	11,113	10,726	24,192	24,208
1,940,052	2,059,875	2,183,206	2,860,482	3,220,890	4,067,387
<u>\$ 7,850,477</u>	<u>\$ 16,346,458</u>	<u>\$ 18,942,828</u>	<u>\$ 19,297,746</u>	<u>\$ 36,805,244</u>	<u>\$ 24,738,368</u>

CITY OF SEGUIN, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year			
	2006	2007	2008	2009
Revenues				
Taxes	\$ 8,981,094	\$ 9,823,009	\$ 10,578,794	\$ 11,000,334
Licenses and Permits	233,974	313,206	542,193	273,991
Intergovernmental	845,670	1,007,956	999,436	1,467,479
Charges for Services	3,908,322	3,770,273	4,260,013	4,942,725
Fines and Forfeits	676,168	719,521	964,752	818,794
Interest	987,113	1,041,605	674,264	201,149
Miscellaneous	352,559	975,127	455,465	329,079
Total Revenues	<u>15,984,900</u>	<u>17,650,697</u>	<u>18,474,917</u>	<u>19,033,551</u>
Expenditures				
General Government	2,443,736	2,550,851	2,930,937	3,047,345
Public Safety	7,129,917	8,164,911	8,277,544	8,532,673
Public Service	3,419,339	4,300,974	3,907,102	4,087,284
Nondepartmental	1,834,751	1,221,472	1,416,615	1,310,186
Indirect Cost Allocation (Recovery)	(2,333,433)	(2,437,684)	(2,798,522)	(2,869,702)
Capital Projects/ Outlay	8,712,503	12,469,055	5,705,912	4,970,168
Debt Service:				
Principal	946,411	961,856	1,189,174	1,414,361
Interest and Fiscal Charges	740,680	1,037,116	1,307,381	1,465,362
Bond Issue Costs	192,351	143,930	249,427	22,500
Total Expenditures	<u>23,086,255</u>	<u>28,412,481</u>	<u>22,185,570</u>	<u>21,980,177</u>
Excess of Revenues Over (Under) Expenditures	<u>(7,101,355)</u>	<u>(10,761,784)</u>	<u>(3,710,653)</u>	<u>(2,946,626)</u>
Other Financing Sources (Uses)				
Transfers In	1,084,933	1,537,142	1,747,357	811,222
Transfers Out	(1,208,609)	(1,793,596)	(1,194,357)	(811,222)
Issuance of Long-Term Financing	8,805,242	6,645,271	9,380,927	1,105,409
Payments to Refunding Bond Escrow Agent	-	-	-	-
Total Other Financing Sources (Uses)	<u>8,681,566</u>	<u>6,388,817</u>	<u>9,933,927</u>	<u>1,105,409</u>
Special Items	<u>-</u>	<u>-</u>	<u>230,662</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 1,580,211</u>	<u>\$(4,372,967)</u>	<u>\$ 6,453,936</u>	<u>\$ (1,841,217)</u>
Debt Service as a percentage of Noncapital Expenditures	13.1%	13.4%	16.1%	16.5%

TABLE 4

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 11,586,011	\$ 12,413,070	\$ 14,250,325	\$ 14,653,908	\$ 14,396,360	\$ 15,437,258
329,009	325,496	404,953	384,153	688,637	1,242,939
2,253,478	1,462,440	1,842,006	1,062,026	1,692,199	3,397,057
5,127,519	5,071,986	5,375,293	5,364,318	5,724,792	5,846,015
1,366,173	1,534,392	1,422,147	1,446,373	1,894,219	1,899,976
54,851	35,283	63,074	378,958	36,579	40,290
129,349	741,762	721,692	778,174	1,080,418	979,661
<u>20,846,390</u>	<u>21,584,429</u>	<u>24,079,490</u>	<u>24,067,910</u>	<u>25,513,204</u>	<u>28,843,196</u>
3,043,817	3,271,912	2,970,433	2,995,289	3,291,439	3,469,890
8,862,366	9,919,756	9,946,852	10,421,044	11,099,683	11,847,542
4,541,940	4,562,336	5,877,185	5,996,218	6,087,470	6,523,397
1,491,764	1,809,481	1,620,181	1,949,011	2,202,136	2,047,626
(2,952,855)	(3,288,861)	(3,430,197)	(3,674,342)	(3,848,566)	(4,190,324)
5,751,957	3,792,747	2,702,978	2,305,774	5,466,886	17,192,358
1,466,258	1,584,205	1,973,707	1,977,394	2,370,179	2,680,967
1,428,424	1,678,851	1,686,787	1,628,268	2,011,346	2,164,212
-	328,000	146,006	45,636	363,655	193,604
<u>23,633,671</u>	<u>23,658,427</u>	<u>23,493,932</u>	<u>23,644,292</u>	<u>29,044,228</u>	<u>41,929,272</u>
<u>(2,787,281)</u>	<u>(2,073,998)</u>	<u>585,558</u>	<u>423,618</u>	<u>(3,531,024)</u>	<u>(13,086,076)</u>
631,000	1,386,102	1,264,924	2,496,336	3,536,891	4,178,395
(711,428)	(1,763,058)	(1,435,973)	(2,615,120)	(4,185,763)	(4,356,879)
-	11,104,090	6,455,635	4,549,100	22,944,017	8,817,821
<u>-</u>	<u>-</u>	<u>(2,975,988)</u>	<u>(4,304,364)</u>	<u>-</u>	<u>(8,624,217)</u>
<u>(80,428)</u>	<u>10,727,134</u>	<u>3,308,598</u>	<u>125,952</u>	<u>22,295,145</u>	<u>15,120</u>
<u>-</u>	<u>-</u>	<u>9,585,200</u>	<u>-</u>	<u>(2,209,258)</u>	<u>-</u>
<u>\$ (2,867,709)</u>	<u>\$ 8,653,136</u>	<u>\$ 13,479,356</u>	<u>\$ 549,570</u>	<u>\$ 16,554,863</u>	<u>\$ (13,070,956)</u>
15.7%	16.4%	17.5%	17.4%	18.1%	20.2%

CITY OF SEGUIN, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

					TABLE 5
Fiscal Year	Property	Sales & Use	Occupancy	Franchise	Total
2006	\$ 4,035,681	\$ 3,776,429	\$ 527,324	\$ 641,660	\$ 8,981,094
2007	4,648,558	4,096,755	457,310	620,386	9,823,009
2008	5,074,767	4,355,410	523,108	625,509	10,578,794
2009	5,594,080	4,256,246	458,343	691,665	11,000,334
2010	5,641,089	4,473,399	550,999	920,524	11,586,011
2011	6,298,369	4,495,098	786,585	833,018	12,413,070
2012	7,015,151	5,512,435	869,409	853,330	14,250,325
2013	7,160,423	5,833,464	762,465	897,556	14,653,908
2014	6,914,873	5,841,830	726,361	913,296	14,396,360
2015	7,646,433	6,011,867	832,550	946,409	15,437,258

CITY OF SEGUIN, TEXAS
 ASSESSED VALUE AND ACTUAL VALUE OF PROPERTY
 LAST TEN FISCAL YEARS
 (Unaudited)

TABLE 6

Fiscal Year	Residential Property	Commercial Property	Industrial Property	All Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2015	\$ 810,622,634	\$ 523,445,251	\$ 587,892,017	\$ 148,519,377	\$ 598,745,708	\$ 1,471,733,571	0.5244
2014	738,143,976	489,211,189	576,499,288	136,133,611	570,260,123	1,369,727,941	0.5173
2013	738,982,849	465,714,399	785,423,174	152,396,679	713,834,301	1,428,682,800	0.5073
2012	723,441,220	431,521,993	550,501,805	150,003,452	467,115,554	1,388,352,916	0.5073
2011	716,337,690	381,012,529	344,847,282	220,121,445	334,238,078	1,328,080,868	0.4893
2010	668,475,414	383,484,507	330,139,839	209,183,412	312,223,664	1,279,059,508	0.4600
2009	657,580,380	369,860,723	334,046,725	195,824,119	342,543,265	1,214,768,682	0.4823
2008	602,014,523	330,995,847	312,967,426	190,092,227	320,532,212	1,115,537,811	0.4726
2007	514,576,330	287,310,912	316,582,669	148,873,333	295,009,577	972,333,667	0.4814
2006	477,295,664	260,735,171	353,323,689	140,742,393	284,400,722	947,696,195	0.4326

Source: Guadalupe County Appraisal District

Tax rates are per \$100 of assessed value.

Total Taxable Assessed Value is not adjusted for enacted freeze on property values for certain taxpayers, which became effective January 1, 2006.

The freeze adjusted taxable value for the 2014 tax roll was \$1,267,595,262..

CITY OF SEGUIN, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Unaudited)

TABLE 7

Fiscal Year	City Direct Rates			Overlapping Rates	
	General M&O	Debt Service	Total Direct	School District	Guadalupe County
2006	\$ 0.2718	\$ 0.1608	\$ 0.4326	\$ 1.6944	\$ 0.4031
2007	0.2706	0.2108	0.4814	1.6890	0.4031
2008	0.2587	0.2139	0.4726	1.1600	0.3845
2009	0.2323	0.2500	0.4823	1.2498	0.3295
2010	0.2325	0.2275	0.4600	1.2498	0.3895
2011	0.2693	0.2200	0.4893	1.2498	0.3999
2012	0.2693	0.2380	0.5073	1.2598	0.4036
2013	0.2698	0.2375	0.5073	1.2770	0.4036
2014	0.2942	0.2231	0.5173	1.2800	0.3999
2015	0.3000	0.2244	0.5244	1.3150	0.3941

CITY OF SEGUIN, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

TABLE 8

Taxpayer	Fiscal Year 2015 (2014 Tax Levy)			Fiscal Year 2006 (2005 Tax Levy)		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Temic Automotive	\$ 61,237,179	1	4.16%	\$ 78,632,794	1	8.30%
Hexcel Corporation	17,579,397	2	1.19%	19,878,677	3	2.10%
Ranch @ SH123 Loop	11,570,322	3	0.79%	--	--	--
ET Seguin Dist LLC	10,945,612	4	0.74%	--	--	--
Tyson Foods, Inc.	10,520,225	5	0.71%	10,580,530	4	1.12%
Wonder Properties LTD	9,700,000	6	0.66%	--	--	--
Ameritex Pipe & Products LLC	8,897,929	7	0.60%	--	--	--
Helmeierich & Payne Inc.	7,543,260	8	0.51%	--	--	--
Wal-Mart Real Estate Business Trust	7,300,137	9	0.50%	6,693,071	7	0.71%
Wal-Mart Store	7,298,040	10	0.50%	6,166,034	9	0.65%
Rio Nogales Power Project LP	--	--	--	20,798,986	2	2.19%
Home Depot	--	--	--	10,215,615	5	1.08%
ITW MiniGrip Inc.	--	--	--	9,465,863	6	1.00%
Frontier Land Limited	--	--	--	6,400,000	8	0.68%
Southwestern Bell Telephone	--	--	--	6,015,730	10	0.63%
Total	<u>\$ 152,592,101</u>		<u>10.37%</u>	<u>\$ 174,847,300</u>		<u>18.45%</u>

Source: Guadalupe County Appraisal District

CITY OF SEGUIN, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

TABLE 9

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year	Collected Within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2006	\$ 4,043,713	\$ 3,854,709	95.3%	\$ 179,117	\$ 4,033,826	99.8%
2007	4,527,973	4,325,674	95.5%	188,846	4,514,520	99.7%
2008	5,061,063	4,855,402	95.9%	191,473	5,046,875	99.7%
2009	5,618,105	5,443,556	96.9%	153,422	5,596,978	99.6%
2010	5,987,710	5,829,714	97.4%	134,818	5,964,532	99.6%
2011	6,243,006	6,056,865	97.0%	145,823	6,202,688	99.4%
2012	6,766,524	6,577,230	97.2%	108,352	6,685,582	98.8%
2013	6,971,685	6,842,125	98.1%	21,214	6,863,339	98.4%
2014	6,676,209	6,529,859	97.8%	52,583	6,582,442	98.6%
2015	7,438,963	7,320,383	98.4%	-	7,320,383	98.4%

Amount collected includes discounts

CITY OF SEGUIN, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

TABLE 10

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Actual Taxable Value of Property	Percentage of Taxable Value of Property	Per* Capita	Percentage of Personal Income
	Bonds	Notes Payable	Capital Leases	Revenue Bonds	Capital Leases					
2006	\$ 19,250,000	\$ 240,000	\$ 137,019	\$ 14,150,000	\$ 207,548	\$ 33,984,567	\$ 947,696,195	3.6%	\$ 1,355	9.9%
2007	24,365,000	760,000	90,162	13,670,000	193,792	39,078,954	972,333,667	4.0%	1,470	10.7%
2008	31,535,000	1,589,749	40,664	17,095,000	205,019	50,465,432	1,115,537,811	4.5%	1,805	13.1%
2009	30,580,000	2,164,298	112,163	16,345,000	185,325	49,386,786	1,214,768,682	4.1%	1,765	12.8%
2010	29,540,000	1,772,520	77,683	15,570,000	164,547	47,124,750	1,279,059,508	3.7%	1,607	10.2%
2011	39,235,000	1,345,970	329,118	22,600,000	144,321	63,654,409	1,328,080,868	4.8%	2,171	13.8%
2012	41,831,415	930,000	211,860	21,816,105	122,815	64,912,195	1,388,352,916	4.7%	2,578	15.9%
2013	40,604,177	565,000	310,476	20,980,197	101,857	62,561,707	1,428,682,800	4.4%	2,386	15.2%
2014	61,417,631	185,000	406,658	19,914,665	70,339	81,994,293	1,369,727,941	6.0%	3,076	16.3%
2015	58,557,260	-	238,572	40,102,740	52,801	98,951,373	1,471,733,571	6.7%	3,384	17.9%

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

** Population and Personal Income data can be found on Table 15.*

CITY OF SEGUIN, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

TABLE 11

Fiscal Year	General Bonded Debt		Available in Debt Service Funds	Total	Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita*
	Bonds	Notes Payable					
2006	\$ 19,250,000	\$ 240,000	\$ (464,988)	\$ 19,025,012	\$ 947,696,195	2.0%	\$ 758
2007	24,365,000	760,000	(652,652)	24,472,348	972,333,667	2.5%	920
2008	31,535,000	1,589,749	(851,815)	32,272,934	1,115,537,811	2.9%	1,155
2009	30,580,000	2,164,298	(945,517)	31,798,781	1,214,768,682	2.6%	1,137
2010	29,540,000	1,772,520	(1,068,598)	30,243,922	1,279,059,508	2.4%	1,031
2011	39,325,000	1,345,970	(945,380)	39,725,590	1,328,080,868	3.0%	1,355
2012	41,831,415	930,000	(1,019,857)	41,741,558	1,388,352,916	3.0%	1,658
2013	40,604,177	565,000	(1,510,096)	39,659,081	1,428,682,800	2.8%	1,510
2014	61,417,631	185,000	(1,645,809)	59,956,822	1,369,727,941	4.4%	2,249
2015	58,557,260	-	(1,467,186)	57,090,074	1,471,733,571	3.9%	1,952

Note: Details about the City's outstanding debt can be found in the notes to the financial statements.

**Population data can be found on Table 15.*

CITY OF SEGUIN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2015
(Unaudited)

			TABLE 12
			Estimated
Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Share of Overlapping Debt
<hr/>			
Debt Repaid with Property Taxes			
Guadalupe County	\$ 12,785,000	16.86%	\$ 2,155,551
Seguin Independent School District	111,584,149	53.85%	<u>60,088,064</u>
Subtotal, Overlapping Debt			62,243,615
Seguin Direct Debt (Net)			<u>57,090,074</u>
Total Direct and Overlapping Debt			<u><u>\$ 119,333,689</u></u>

Source: Municipal Advisory Council of Texas.

Note: Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Seguin, Texas. This process recognizes that, when considering the City of Seguin's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

CITY OF SEGUIN, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
(Unaudited)

TABLE 13

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed Value	<u>\$ 1,471,733,571</u>
* Debt limit (10% of assessed value)	147,173,357
Outstanding Debt ^[1]	58,557,260
Less amount set aside for repayment of general obligation debt	<u>(1,467,186)</u>
Total net debt applicable to limit	<u>57,090,074</u>
Economic Debt Margin	<u><u>\$ 90,083,283</u></u>

	Fiscal Year				
	2006	2007	2008	2009	2010
Debt Limit	\$ 94,769,620	\$ 97,233,367	\$ 111,553,781	\$ 121,476,868	\$ 127,905,951
Total net debt applicable to limit	<u>(19,025,012)</u>	<u>(24,472,348)</u>	<u>(32,522,934)</u>	<u>(31,798,781)</u>	<u>(30,243,922)</u>
Economic Debt Margin	<u><u>\$ 75,744,608</u></u>	<u><u>\$ 72,761,019</u></u>	<u><u>\$ 79,030,847</u></u>	<u><u>\$ 89,678,087</u></u>	<u><u>\$ 97,662,029</u></u>

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt Limit	\$ 132,808,087	\$ 138,835,292	\$ 142,868,280	\$ 136,972,794	\$ 147,173,357
Total net debt applicable to limit	<u>(39,725,590)</u>	<u>(41,289,480)</u>	<u>(39,242,331)</u>	<u>(59,956,822)</u>	<u>(57,090,074)</u>
Economic Debt Margin	<u><u>\$ 93,082,497</u></u>	<u><u>\$ 97,545,812</u></u>	<u><u>\$ 103,625,949</u></u>	<u><u>\$ 77,015,972</u></u>	<u><u>\$ 90,083,283</u></u>

^[1] Texas does not have a legal debt margin for cities. The only limit on taxation is \$2.50 per \$100 of assessed value. Good financial integrity calls for 10% of assessed value to be used for debt limit.

CITY OF SEGUIN, TEXAS
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (Unaudited)

TABLE 14

<u>Fiscal Year</u>	<u>Utility Service Charges</u>	<u>Less: Operating Expenses*</u>	<u>Net Available Revenue</u>	<u>Debt Service Principal</u>	<u>Interest</u>	<u>Coverage</u>
2005	\$ 28,092,264	\$(25,577,533)	\$ 2,514,731	\$ 330,000	\$ 409,413	3.40
2006	35,133,605	(30,070,979)	5,062,626	335,000	375,609	7.12
2007	34,079,849	(29,245,499)	4,834,350	480,000	677,022	4.18
2008	38,334,793	(34,927,078)	3,407,715	555,000	715,330	2.68
2009	41,231,252	(34,938,855)	6,292,397	750,000	744,488	4.21
2010	39,290,331	(33,098,744)	6,191,587	775,000	714,449	4.16
2011	43,211,099	(34,002,636)	9,208,463	805,000	961,171	5.21
2012	41,463,853	(35,728,904)	5,734,949	904,521	944,857	3.10
2013	40,827,258	(35,513,981)	5,313,277	839,048	734,437	3.38
2014	42,017,948	(33,121,499)	8,896,449	1,079,232	703,016	4.99
2015	42,645,590	(37,931,959)	4,713,631	1,077,119	1,253,491	2.02

* All operating expenses exclusive of depreciation

CITY OF SEGUIN, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
(Unaudited)

TABLE 15

Year	Census Population	Population Estimate	Median Family Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2006	22,011	25,090	38,051	13,740	32.6	7,555	4.4
2007	22,011	26,590	38,051	13,740	32.6	7,879	3.6
2008	22,011	27,951	36,931	13,740	32.6	7,501	4.7
2009	22,011	27,979	36,931	13,740	33.0	7,559	7.1
2010	22,011	29,325	38,060	15,730	32.4	7,562	6.4
2011	25,175	25,175	38,060	15,730	32.4	7,547	7.3
2012	25,175	25,943	38,060	15,730	32.4	7,440	6.8
2013	25,175	25,981	38,060	15,730	32.4	7,556	5.4
2014	25,175	26,660	38,526	18,901	35.3	7,529	4.2
2015	25,175	29,241	41,835	18,933	36.2	7,400	4.2

Sources: Population, median family income, per capita personal income, and median age information provided by the United States Census Bureau and the Texas State Data Center and are the most recent available for the city. Population estimates are based on addition of annexed areas. School enrollment information provided by Seguin Independent School District. Unemployment rate is for Guadalupe County and is provided by the Texas Workforce Commission and the U.S. Dept. of Labor. Unemployment data is not available for the City.

CITY OF SEGUIN, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND EIGHT YEARS AGO
(Unaudited)

TABLE 16

Employer	2015			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Continental AG (Motorola)	1,560	1	12.21%	1,395	1	13.11%
Texas Power Systems/CAT	1,500	2	10.72%	--	--	--
Seguin Independent School District	1,078	3	10.03%	1,220	2	11.47%
CMC Steel	800	4	7.58%	838	3	7.88%
Tyson Foods	740	5	7.55%	472	6	4.44%
Guadalupe Regional Medical Center	667	6	6.18%	697	4	6.55%
Guadalupe County	579	7	5.21%	514	5	4.83%
Wal-Mart Super Center	400	8	3.55%	400	7	3.76%
City of Seguin	335	9	2.96%	279	9	2.62%
Texas Lutheran University	326	10	2.76%	308	8	2.89%
HEB	--	--	--	250	10	2.35%
Total	<u>7,985</u>		<u>68.75%</u>	<u>6,373</u>		<u>59.90%</u>

Source: Seguin Area Chamber of Commerce, Texas Workforce Commission, and Seguin Economic Development Corporation.

CITY OF SEGUIN, TEXAS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Function	Fiscal Year				
	2015	2014	2013	2012	2011
Police					
Physical arrests	1,798	1,605	1,138	1,509	1,548
Traffic citations	12,740	15,988	8,911	12,349	15,040
Parking citations	265	308	291	176	44
Fire/EMS					
Emergency responses	3,682	3,748	3,903	3,162	3,692
Non-emergency response/Service Calls	1126	804	588	1837	1435
Inspections	1,065	379	482	831	289
Refuse collection (by private contractor)					
# of customers	8,400	8,079	7,945	7,850	7,739
Parks and Recreation					
Park and sport facility rentals	701	639	622	624	734
Sport league participants	2,358	740	2,251	2,815	2,670
Program participants	4,539	4,640	3,509	5,172	4,822
Wave Pool admissions	13,447	13,077	13,126	13,126	14,015
Library					
Volumes in collection	56,276	64,366	62,220	69,563	76,126
Total volumes borrowed	183,771	197,204	205,281	210,820	229,389
Electric					
# of customers	8,500	8,314	8,293	8,191	8,210
Sales (millions of \$)	28.5	25.7	25.3	25.8	26.5
Water					
# of customers	7,250	7,120	7,116	7,088	7,060
Average daily production (millions of gal.)					
Surface water	2.840	2.690	2.354	2.769	2.875
Well water	2.920	3.040	3.005	3.169	3.402
Total	5.760	5.730	5.359	5.938	6.277
Water main repairs (main sizes from 3/4" to 16")	455	403	127	74	56
Wastewater					
Average daily sewage treatment (millions of gal.)	4.050	3.290	3.740	4.130	3.960

Sources: City departments

Notes: Fire/EMS statistics are on a calendar basis. Program participants under Parks and Recreation include day camp, after-school, softball, & swimming lessons. Sales of electricity are of purchased power; the City does not generate electric power.

TABLE 17

Fiscal Year				
2010	2009	2008	2007	2006
1,444	1,200	1,210	1,019	1,062
13,027	14,456	17,612	7,922	9,314
517	615	850	1,485	828
3,578	3,738	3,578	3,661	3,429
74	604	609	813	580
654	728	670	564	556
7,609	7,486	7,450	7,346	7,200
721	690	709	689	778
2,611	2,073	2,008	2,117	2,005
4,782	5,875	6,214	5,800	5,220
10,504	13,693	14,015	13,453	12,525
76,440	76,805	75,202	72,755	69,864
233,609	226,206	218,206	192,701	199,148
8,011	8,014	8,069	8,075	8,053
26.4	28.2	25.6	23.2	23.6
7,019	7,044	7,036	7,036	6,998
2.139	2.005	2.317	2.586	3.148
3.163	4.122	3.789	3.228	3.145
5.302	6.127	6.106	5.814	6.293
97	76	70	102	86
3.326	3.220	3.020	3.456	3.420

CITY OF SEGUIN, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Function	Fiscal Year				
	2015	2014	2013	2012	2011
Police					
Stations	1	1	1	1	1
Police vehicles	70	67	66	62	62
Fire stations	3	3	3	3	3
Public works					
Streets (miles of paved)	178.48	178.48	178.48	178.48	178.48
Parks and Recreation					
Number of parks	12	11	11	11	10
Acreage	346.91	299.91	299.91	299.91	289.41
Water					
Water mains (miles)	164.00	161.00	161.00	117.00	118.90
Fire hydrants	1,284	1,100	1,085	1,081	978
Storage capacity (millions of gallons)	8.64	7.79	7.79	7.79	7.79
Wastewater					
Sanitary sewers (miles)	178.00	175.00	152.00	118.00	129.00

TABLE 18

Fiscal Year				
2010	2009	2008	2007	2006
1	1	1	1	1
62	61	60	61	60
3	3	3	3	3
174.91	174.63	174.52	173.81	172.10
10	10	10	10	10
289.41	289.41	289.41	289.41	289.41
118.63	118.28	117.64	117.14	117.14
978	978	976	973	967
7.79	7.79	7.79	7.79	7.79
124.27	123.84	119.25	118.70	118.52

CITY OF SEGUIN, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

TABLE 19

Function	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Financial Administration	8	8	8	8	7	7	7	8	8	8
City Manager	4	4	3	3	3	3	5	5	4	4
Human Resources	5	5	5	5	5	5	5	6	5	6
Planning and Zoning	11	11	11	10	10	9	9	9	10	10
City Secretary	1	1	1	1	1	1	1	1	1	1
Information Systems	5	4	3	3	3	2	0	0	0	0
Facilities and Grounds	4	4	3	3	12	11	9	10	12	11
Public Safety										
Police	78	76	72	72	68	68	64	63	64	64
Fire/EMS	56	56	53	51	51	49	47	50	48	48
Legal & Judicial	5	5	5	5	5	4	4	4	3	4
Animal Control	5	4	4	4	3	3	3	3	3	3
Public Service										
Public Works	29	27	26	28	24	18	18	17	19	19
Vehicle Maintenance	3	3	3	3	3	3	3	3	3	3
Library	8	8	8	8	8	8	8	8	8	6
Parks and Recreation	19	16	18	17	10	8	7	8	8	8
Golf Course	9	9	9	9	9	9	9	8	9	9
DownTown & Main St. Program	2	2	2	2	2	2	2	2	2	2
Coliseum	1	1	1	1	1	1	1	1	1	1
Utility Fund										
Administration	3	2	2	2	2	2	2	4	6	3
Electric Production/Distribution	15	11	10	10	20	17	18	19	19	18
Utility Services	10	10	10	10	0	0	0	0	0	0
Water Production	11	11	10	11	11	17	15	17	11	17
Water/Sewer Maintenance	11	10	10	11	11	10	11	9	11	9
Sewer Plant	8	8	7	8	8	8	8	8	8	8
Economic Development	4	4	4	3	3	3	2	2	2	2
Facilities Maintenance	12	14	13	13	12	13	13	14	13	10
Utility Billing	5	5	5	6	6	6	6	6	6	5
CVB	<u>3</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>335</u>	<u>321</u>	<u>308</u>	<u>308</u>	<u>299</u>	<u>287</u>	<u>277</u>	<u>285</u>	<u>284</u>	<u>279</u>

Source: City Human Resources Department

COMPLIANCE SECTION

SHAREHOLDERS:

Nancy L. Vaughan, CPA
Deborah F. Fraser, CPA
Phil S. Vaughan, CPA



Armstrong, Vaughan & Associates, P.C.
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the City Council
City of Seguin, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Seguin, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Seguin, Texas, basic financial statements and have issued our report thereon dated February 15, 2016. The financial statements of the discretely-presented component unit, Seguin Economic Development Corporation, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Seguin, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Seguin, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Seguin, Texas' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the city's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Seguin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the City of Seguin, Texas in a separate letter dated February 15, 2016.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

February 15, 2016

SHAREHOLDERS:

Nancy L. Vaughan, CPA
Deborah F. Fraser, CPA
Phil S. Vaughan, CPA



Armstrong, Vaughan & Associates, P.C.
Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the City Council
City of Seguin, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Seguin, Texas' compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Seguin Texas' major federal programs for the year ended September 30, 2015. City of Seguin Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Seguin, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Seguin, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Seguin Texas' compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Seguin, Texas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control Over Compliance

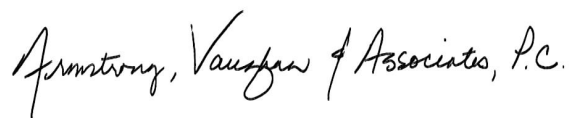
Management of City of Seguin, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Seguin, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Seguin, Texas' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Armstrong, Vaughan & Associates, P.C.

February 15, 2016

CITY OF SEGUIN, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified	<u> </u> Yes	<u> X </u> No
One or more significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported

Noncompliance material to financial Statements noted?	<u> </u> Yes	<u> X </u> No
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2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified	<u> </u> Yes	<u> X </u> No
One or more significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	<u> </u> Yes	<u> X </u> No
--	-------------------	-----------------

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction – ARRA
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and type B Programs:	<u>\$300,000</u>
--	------------------

Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> No
--	-------------------	-----------------

B. Financial Statement Findings

NONE

CITY OF SEGUIN, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

C. Federal Award Findings and Questioned Costs

NONE

CITY OF SEGUIN, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<u>Explanation Finding/Recommendation</u>	<u>Current Status</u>	Management's Explanation <u>If Not Implemented</u>
Not Applicable		

CITY OF SEGUIN, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
ENVIRONMENTAL PROTECTION AGENCY			
Passed Through Texas Commission on Environmental Quality Clean Water Act	66.460	582-14-40158	165,031
U.S. DEPARTMENT OF JUSTICE			
Direct Awards			
Bullet Proof Vests	16.607		4,241
Asset Forfeiture Program	16.922	TX0940300	18,509
Passed Through Alamo Area Council of Governments			
VAWA	16.588	2303304	47,714
Justice Assistance Grant	16.738		39,243
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through Texas Department of Transportation			
Highway Planning and Construction *	20.205	0915-46-040/041	13,190
Highway Planning and Construction - ARRA *	20.205	0915-46-039	1,840,898
TOTAL FEDERAL AWARDS EXPENDED			\$ 2,128,826

* Indicates cluster programs

CITY OF SEGUIN, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Seguin, Texas and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ in amounts presented in, or used in the preparation of, the financial statements.

